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# Latin America Report

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4 June 1984

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## OCCIDENTAL GETS OIL EXPLORATION, EXPLOITATION RIGHTS

Quito EL COMERCIO in Spanish 27 Apr 84 p A-8

[Text] The first block will be awarded today to Occidental Petroleum under the new type of services contracts for fossil fuels exploration and exploitation in the country.

The special bids committee will meet this morning to award block 15 in the Amazon Region, the first to be developed by a foreign company pursuant to the international bidding process called by CEPE [Ecuadorean State Petroleum Corporation] in June 1983.

Remaining to be negotiated are blocks 1 and 2, which are offshore and have been bid on by Belco Petroleum, and number 8, in the east, for which the Esso-Hispanoil consortium has submitted a bid.

Official sources indicated that CEPE hopes to conclude the negotiations and sign the contracts, thus paving the way for work to begin in the blocks in question.

Block 15 will be awarded after the special bids committee approves the final wording of the contract with Occidental.

Under its exploration program, the company plans to initially drill four wells and, depending on the seismic studies it conducts and the results from these four, possibly a fifth.

It was learned that there have not been major changes in the original bid that Occidental submitted.

It was emphasized at the same time that the Ecuadorean form of contract in force for this bidding reconciles the need to boost the country's fossil fuel reserves with the interests and expectations of the companies that have the capital and technology; in addition, the State runs no risk because it is assumed entirely by the company rendering the services.

The call for bids began on 13 June of last year for 11 blocks, 7 of which are in the Amazon Region, with the remaining 4 offshore.

The wide publicity given the bidding attracted 25 companies from 10 countries, including some of the best known oil concerns in the world.

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CSO: 3348/418



## TEXACO, TESORO MOVE TO INCREASE LAND CRUDE RECOVERY

## Texaco Actions

Port-of-Spain TRINIDAD GUARDIAN in English 10 May 84 p 7

[Text] SAN FERNANDO: TEXACO Trinidad Inc. is taking steps to boost crude oil production on land.

The company has budgeted a \$15 million programme to cover some ten new reserves type workovers and four to six new step-out development wells.

This was confirmed by the company yesterday but no further details were given.

However, it was learnt that with the reduction of subsidies on petroleum products, the oil companies operating in this country will have more cash to invest in their operations, particularly in the area of crude production.

That, coupled with the reduction in the Supplemental Petroleum Tax (SPT) would assist the oil companies tremendously in stepping up their development programmes.

Meanwhile, Textrin is continuing its test and inspection of its Pointe-a-Pierre catcracker, an exercise which started over the Easter weekend and which is expected to take about five to six weeks.

## Generators for Tesoro

Port-of-Spain TRINIDAD GUARDIAN in English 14 May 84 p 7

[Text]

**TRINIDAD-TE-SORO Petroleum Company Limited** in its drive to step up the enhanced recovery of crude oil, has installed two new steam generators which are to be commissioned within the next two weeks.

Two other units are due later this month and a fifth

unit is on order and — scheduled to be delivered in June.

The steam generators, four fixed and one portable unit, were manufactured in the United States of America.

These units are to be used in the thermal recovery of oil, the method which accounts for 40 per cent of the company's land production. Currently thermal production stands at 8,000 barrels

a day.

This is expected to double by 1988, increasing the amount of crude recovered daily, by the company on land by this process to 65 per cent. Work on the programme began three weeks ago when two of the new units, one portable and one fixed, arrived at the Trinmar jetty aboard the West India Line's "Inagua Light."

It is said that the portable generator is capable of generating 25 million BTUs of steam per hour and will be used to evaluate on a pilot basis areas of expansion.

Priority will be given to the Guapo Field where it is known that a significant amount of "heavy crude" reserves exist.

The fixed units are being installed at central Los Bajos, Apex Quarry, Bennette Village and North West Palo Seco.

These units are each capable of generating

50 million BTUs of steam per hour and will require 3.6 million cubic metres of gas and 3,000 barrels of water a day for the process.

Company officials pointed out that the new generators comprise innovations that are designed to save manpower and cut costs.

The company said that the secondary recovery projects

planned for the next five years are expected not only to maintain, but also to increase their overall land production and will be tremendous challenge to personnel involved in all the phases: concept, design, development project planning and installation, operation and field monitoring.

The company's senior engineer Wilfred Harper stated "the entire programme will have to be carefully planned if the company is to meet the project deadline."

CSO: 3298/820

## MANNING DISCUSSES IMPORTANCE OF OIL RECOVERY EFFORTS

Port-of-Spain TRINIDAD GUARDIAN in English 16 May 84 p 7

[Text] COMMENSURATE research and development must be increased to ensure maximum use of indigenous technological capabilities in the local oil industry.

This was stated by Mr. Patrick Manning, Minister of Energy and Natural Resources, delivering a feature address at the opening of Monday's Training Workshop on Energy Information Systems sponsored by the Commonwealth Science Council and the Caribbean Development Bank.

## Heavy Crude

Mr. Manning said that enhanced recovery was one area in which government expected commensurate research and development to be increased. He explained that a major incentive was introduced in 1982 to encourage oil companies to extract the maximum quantity of oil from existing fields by using the most efficient secondary and tertiary enhanced recovery methods.

He added: "As a direct result, a total of twelve new secondary recovery schemes was projected to be on stream in 1984, a reflection of the oil companies' thrust to increase oil production in Trinidad and Tobago."

Mr. Manning pointed out that one area in which those capabilities could be harnessed profitably was in the recovery of heavy crude oil.

He said: "Considerable additional reserves of heavy crude oil exist in Trinidad and Tobago with current estimates indicating a potential recovery volume of at least 500 million barrels. Recovery of this crude will require large capital injections mainly in the form of secondary recovery equipment. These projects will also have high operating costs and as a consequence, given the likelihood of the maintenance of the nominal value in the price of crude oil. Government may have to provide the incentives and employ the most efficient technologies and techniques to ensure the recovery of this type of crude."

Mr. Manning explained that another major priority of Government was the optimal utilisation of natural gas resources. He added that the methanol and urea

projects had come on stream this year pushing the country's gas production to over 600 million cubic feet per day.

He pointed out: "However, there are still other proposals currently under evaluation such as the construction of additional methanol capacity, separately or linked to the production of MTBE (an octane booster), and additional ammonia capacity."

Mr. Manning disclosed that Cabinet recently appointed a committee to review the LNG project which already has been the subject of extensive study. Other real possibilities, Mr Manning added, included the production of down-stream petrochemicals from methanol, the direct and indirect use of natural gas as a vehicular fuel and the servicing of residential projects with natural gas for domestic use.

The Minister emphasised that the rationalisation of the refining industry was the key issue in the petroleum sector. Negotiations were taking place between Government and Texaco International, based upon the Texaco offer for sale of the refinery at Pointe-a-Pierre.

#### Conservation

"The outcome of these negotiations will play a major role in the rationalisation process for this industry," he said, adding that the two local refineries with their high production of fuel oil together with their age would require extensive capital investment in additional facilities of the right technological choice as well as a vigorous marketing initiative to put the industry back on the path of stability.

Mr. Manning, stressing the importance of energy conservation explained that the provision of subsidies and petroleum products had tended to distort the pattern of energy use within the country, thereby "promoting the increase in the use of the higher value products, such as LPG, gasoline, kerosene, at the expense of the less valuable products, such as diesel and fuel oils."

He added that the availability of cheap electricity led to the unrestrained use of electrical energy.

"The Government has determined, therefore, that national energy pricing and subsidy policies will be the first step in promoting energy conservation and optimising the use of the different forms of petroleum energy produced locally."

Mr. Manning pointed out that eventually it was hoped that these policies would set the stage for the development of a rationally-chosen set of technological capabilities in respect of alternative forms of energy in Trinidad and Tobago.

CSO: 3298/820

CDB REPORT FOR 1983 NOTES POOR ECONOMIC PERFORMANCE

Port-of-Spain TRINIDAD GUARDIAN in English 16 May 84 p 13

[Text] BRIDGETOWN: (Cana): THE CARIBBEAN Development Bank (CDB) today will present in Jamaica a report for 1983 to its Board of Governors which underlines the region's poor economic performance and counsels the early adoption of corrective measures.

The Governors, who are mostly Ministers of Finance in the CDB's 22 member countries, will convene their 14th annual meeting in the Jamaica Conference Centre, Kingston, and conclude the following day.

The 164-page document reviews economic performances at the international, regional and national levels, and reports in greater detail on the operations and activities of CDB over the January-to-December 1983 period.

Disappointing

The bank says that both internal and external factors contributed to the year's disappointing outturn. There was little or no overall, growth in the economies of its borrowing member countries.

In spite of substantial increases in some cases in the output of commodities which are traded in non-U.S. dollars market and upward movements in prices in others, earnings in domestic currencies tied to the U.S. dollar increased only marginally or not at all.

In that environment, 1983 was a bad year for those borrowing members which experienced declines in export volumes.

The report notes that there was continuing strong external bias in regional consumption patterns, as well as inadequate development of local marketing and support structures for regional production, particularly in the area of food crops.

In the view of the bank, any substantial improvement in performance would be dependent upon Caribbean countries taking measures early to restructure their economies to earn and conserve foreign exchange and provide sustained employment opportunities, with this being done by, inter alia, increasing production and productivity and changing consumption patterns.

Statistics in the report show that, as in previous years, problems such as production fall-offs, depressed international markets, poor prices and unstable currency exchange rates adversely affected some of the major export commodities of the region in 1983.

Although it recognises there were indications that the world recession may be coming to an end, with signs of the upturn most evident in the United States of America, the report does not expect this potential development to have an immediate impact on the Caribbean countries.

The report gives a general review of the major sectors of the regional economy, and follows this with the presentation of more specific details in individual focus articles on each of the 17 borrowing member countries.

These comprise Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago and Turks and Caicos Islands.

The report notes that demand for bauxite and petroleum continued to stagnate as a result of both the world recession and of longer term structural factors in the markets for these two commodities.

Bauxite production in Jamaica is estimated to have declined by 7.2 per cent from 8.3 million tonnes in 1982 to 7.7 million tonnes in 1983, and Guyana by 7.2 per cent from 1,172,331 tonnes in 1982 to 1,087,532 tonnes in 1983. In Guyana, total output was just 50 per cent of planned capacity.

#### A Decline

In the petroleum sector, figures available for the first half of the year showed a decline in production in Trinidad and Tobago--from 5.2 million cubic metres in 1982 to 4.8 million cubic metres in 1983.

The CDB report comments that "the decline in output and prices of oil which began in 1980 continued to have a dampening impact on the level of economic activity (in Trinidad and Tobago), leading to a fall in total demand, an inability to make full use of installed capacity, a lowering of fixed investment and an increase in the unemployment rate."

For the January-June period last year, Trinidad and Tobago exported 4.4 million cubic metres of crude oil and refined products, as compared to 6.7 million cubic metres for the first half of 1982.

In Barbados (the only other producer among CDB's borrowing member countries), which satisfies about 43 per cent of its own oil requirements, production increased, following resumption in 1982 to shallow well drilling.

## Increased

This stepped-up activity was facilitated through the purchase by the Barbados National Oil Corporation of the drilling and exploration assets in Barbados of Mobil Oil of the United States.

Both the production and the consumption of natural gas in Trinidad and Tobago and Barbados increased during the year.

In the sugar industry, there was production in eight of the 17 borrowing member countries, but only six of them are exporters.

Overall sugar production is estimated to have fallen to 764,000 tonnes, from the 805,000 tonnes in 1982.

Only Belize recorded an increase--of 7.7 percent, to 116,000 tonnes in 1983 from 107,700 tonnes in 1982, while decreases were recorded in the other exporting countries: Barbados, Guyana, Jamaica, St. Kitts and Nevis, and Trinidad and Tobago.

Barbados production fell 3.4 per cent to roughly 85,000 tonnes, Guyana's by 12 per cent to 255,985 tonnes, Jamaica's marginally from 202,000 tonnes to 201,100 tonnes, St. Kitts and Nevis 22 per cent, from 36,532 tonnes to 28,207 tonnes and Trinidad and Tobago's 2.5 per cent, from 79,500 tonnes to 77,500 tonnes.

The industry was badly affected by a number of factors: Poor prices on the international market, adverse exchange rate-developments, unfavourable weather conditions, labour problems, unauthorised burning of canes, inadequate field maintenance, and cane delivery difficulties.

The CDB report said: "Sugar prices in the recent past have been depressed as a result of sluggish world demand, although the African, Caribbean and Pacific (ACP)/European Economic Community (EEC) sugar price accord has partly buffered regional producers against declines in the free market price."

CSO: 3298/809

TRINIDAD FACT-FINDING MISSION TO GRENADA RIDICULED

Port-of-Spain TRINIDAD GUARDIAN in English 2 May 84 p 9

[Article by Ernest Tracey]

[Text] GRENADA and the Grenadian people need a "fact finding mission" from Trinidad and Tobago about as much as they need holes in their heads.

The fact is, that the Government of Trinidad and Tobago has had hard information on the sad state of social, economic, political and psychological affairs in Grenada for the past several months.

The Government of Trinidad and Tobago has had direct dealings with both the Interim Government and the Governor-General of Grenada.

The team of Grenadian officials who have visited Trinidad and Tobago have made it perfectly clear to the officials in Trinidad that the situation in Grenada is desperate and it is deteriorating.

Anyone who doubts the seriousness of the present social situation in Grenada should talk to the directors of the New Life Organisation (NEWLO) in Grenada.

These men and women are genuinely committed to the reconciliation of Grenadians and to the self-reliant development of Grenada. The NEWLO operation of Grenada is patterned after Trinidad's SERVOL. The Board of Directors of Grenada's New Life Organisation comes from all walks of life.

There are social workers, educators, technocrats, trades workers, businessmen and a core of ecumenical representatives.

It is a good cross section of knowledgeable and concerned Grenadians. Two members of the board were detained by the former Government. The Executive Director, Teddy Victor, had been imprisoned for four years when he was released by the invading forces.

The Board of Directors of NEWLO could be described as a bunch of hard-headed pragmatists. They have been there.

They have lived through the nightmare of the terminal events of Grenada's revolution. They bear some scars, but they don't scare easily.



They have seen it all, yet, at a meeting last week in St. George's, this very tough group of rugged individualists was sounding loud concerns.

One of the businessmen in the group mentioned that unemployment was the major problem.

He had advertised for 20 workers for a new soft drink plant. Four hundred applicants showed up for the jobs.

#### Desperation

He also mentioned the desperation of people who had looted the shops for food and basic supplies.

One of the looters had come to his auto dealing establishment to try to borrow one of the cars.

The looter had explained that he needed to transport his supplies (loot) to his hungry children in the country.

Then, there was the account of a political rally by the new leaders of the New Jewel Movement. The rally had attracted some of the former members of the People's Revolutionary Army.

One of the former PRA attendees was seen to be carrying a hand grenade. There are many such stories making the rounds among the social leaders in St. George's.

In my dealings with Grenadians, I have never heard any harsh criticism of the Government of Trinidad and Tobago relative to its non-interventionist policies.

What I have heard is expressions of disappointment rather than disapproval. There have been statements to the effect: "We would rather receive assistance from within our region than from outsiders" or "Trinidad may not have wanted to side with U.S. Forces in the invasion.

"Fair enough, but why can't Trinidad give us some of the development assistance that we need right now for our re-construction and reconciliation."

#### Impatience

I asked several NEWLO members for their opinions regarding the proposed "fact finding mission" from Trinidad and Tobago. They had not heard of it.

The tone of some of the responses did suggest some impatience, however. I came away with the impression that these Grenadians would tend to consider our "fact finding mission" in about the same light as we had viewed the much publicised southern walkabout of our Prime Minister.

The external walkabout would probably be seen by concerned Grenadians as little more than a political gesture, if not a political gimmick.

### Limited Action

No one questions the right of the Government of Trinidad and Tobago to send a team of "fact finders" to Grenada.

A great deal of data collection and analysis is necessary before two countries can enter into a long-term relationship of development cooperation.

The objection to the Trinidad and Tobago "fact finding" excursion, at this point in time, is that it misses the boat on all counts. As a political gesture it is obviously too little, too late.

This limited action, executed with all deliberate tardiness, is unlikely to win much public support at home or in Grenada. As a serious first stage of development cooperation, the "fact finding" approach also falls far short of the level of situational and operational appraisal that would be required for developing and implementing a planned programme of development cooperation.

Any serious appraisal would have begun with the extant data available through the Caricom Secretariat, the Caribbean Development Bank and the Interim Government of Grenada.

There is ample hard data on the specifics of Grenada's developmental situation, to formulate a strategic approach to bilateral, multilateral and non-governmental intervention.

Programme and project details would have to be worked out by a joint team of Grenadians and Trinidad and Tobago development planners and designers.

This team would be one of technocratic experts rather than political party hacks and other assorted "fact finders."

Finally, the Grenada events of last October were a disaster to that country and to our region. The response to any disaster is to provide immediate relief as quickly as possible.

### Not Appropriate

A "fact finding mission" is obviously not the appropriate immediate response to a disaster victim, in a crisis situation. A severe skepticism is quite justifiable in this instance.

The opposition in Trinidad and Tobago, cannot be faulted for asking the governing party to try to do better.

From this perspective, the Government of Trinidad and Tobago has no option other than to provide some form of assistance to the people of Grenada.

It is in our self-interest to take a major role in a post-revolutionary Grenada. We cannot afford to abdicate our leadership role in this segment of our region, where we have always enjoyed a special relationship.

If for the moment the bilateral avenues are blocked by political considerations of protocol, we can use either or both multilateral and non-governmental modalities.

There are non-governmental organisations in Trinidad and Tobago, which could serve as a bridging mechanism until it becomes feasible to establish bilateral programmes again.

CSO: 3298/781

## BRIEFS

GATT FOR CARICOM--BRIDGETOWN, April 23, (CANA)--A committee set up by the Caribbean Community (Caricom) has urged the 13-nation grouping to sign an international standards code covering traded products, a committee spokesman, Dudley Rhynd, said today. Rhynd, chairman of the executive committee of the Caricom Standards Council, said a decision on the proposal is likely to be taken when Caricom Trade Ministers meet again. The Ministers are expected to meet next month in Trinidad and Tobago. The committee recommended Caricom sign the General Agreement on Tariffs and Trade (GATT) standards code, a move which it said would not only clear a hurdle to the group of English-speaking countries' participation in world trade, but pave the way to some of them obtaining help to develop a standards infrastructure. "It is impossible to engage in international trade without being party to the code," Rhynd, who also heads the Barbados National Standards Institution (BNSI), told CANA. "Signing the code", he added, "will protect imports into the country, but there is an additional provision in that Caribbean countries would have to give to third countries imports and exports the same treatment they would give products manufactured in their own countries." This, he said, meant setting up systems in each Caribbean country to monitor imports and exports with regard to acceptable standards. [Text] [Kingston THE DAILY GLEANER in English 24 Apr 84 p 7]

EEC GRANT TO CARICOM--BRIDGETOWN, Thurs., (Cana)--THE European Economic Community (EEC) has approved a \$558,516 (US) grant to the Guyana-based Caribbean Community (Caricom) Secretariat, to finance a programme of technical assistance, the EEC diplomatic office here said today. It said the grant, falling under the Lome aid and trade accord between the EEC and the African Caribbean and Pacific (ACP) Group of Countries, was the second to the Secretariat for a similar programme. EEC delegate to Barbados and the Eastern Caribbean, Joannes Ter Haar, said the aim of the project was to strengthen further the Caribbean integration movement, and in particular the operational and technical capability of the Caricom Secretariat. The final technical assistance grant to the Secretariat totalled \$277,200. The programme will be carried out by three types of action, according to the release. They are staff training and development, providing both teaching equipment and short-term instructors for in-house training, as well as awards for training inside and outside the region: Technical studies on specific problems currently impeding Caribbean development, both in its internal integration and its external (trading) relations; and The supply of non-recurrent office equipment needs to improve the processing of the Secretariat's documentation, both internal and external.

"It is expected that the project will be completed in two years, and that it will result in a reinforced and dynamic institutional capability for implementing the programmes and projects approved by Caricom member states," the release said. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 27 Apr 84 p 5]

IDB BONDS--TRINIDAD AND TOBAGO is among Latin American and Caribbean countries which bought \$13 million (US) in short-term ordinary capital dollar bonds issued by the Inter American Development Bank. The bank issued \$13 million worth of ordinary capital bonds and \$40 million inter-regional bonds. A release from the bank states: The Inter-American Development Bank today announced that it has sold at par, entirely outside of the United States, two issues of short-term dollar bonds totalling \$53 million. The first issue, amounting to \$13 million, is known as the "Short-Term Dollar Bonds, Ordinary Capital, Nineteenth Issue." The second issue, totalling \$40 million, is known as the "Short-Term Dollar Bonds, Inter-Regional Capital, Seventh Issue." Both consist of one- and two-year bonds due on April 15, 1985, and April 15, 1986, respectively. The one-year bonds will bear an interest rate of 10.75 per cent per annum. The two-year bonds will bear an interest rate of 11.52 per cent per annum. The proceeds of the issues will be used to refund bonds which are due April 15, 1984. The ordinary capital issue was sold to central banks and other governmental agencies in ten Latin American member countries, including Barbados, Bolivia, Dominican Republic, Honduras, Mexico, Panama, Paraguay, Peru, Trinidad and Tobago and Uruguay. The inter-regional capital issue was sold to central banks and other governmental agencies in nine non-regional member countries, including Belgium, Finland, Germany, Italy, Japan, Netherlands, Spain, Switzerland and the United Kingdom. [Excerpts] [Port-of-Spain TRINIDAD GUARDIAN in English 3 May 84 p 4]

CSO: 3298/781

## BUDGET REDUCTIONS DEEPEN RIVALRY AMONG ARMED FORCES

Buenos Aires LA NACION in Spanish 3 May 84 pp 1, 12

[Text] The drastic cuts in the military budget "will not adversely affect the country's security," the Defense Ministry asserted at the time. However, the cuts have plunged the three branches into an overt or behind-the-scenes competition for the lion's share of the funding, in the opinion of impartial observers.

Military spending in 1984 (3.94 percent of the GDP) is down 34 percent from last year's budget (5.97 percent of the GDP), and according to official estimates it will suffice to cover personnel salaries and minimal acquisitions of military equipment and technology.

"The high commands will have to make the utmost use of their imagination to insure the country's military defense with such scant funding," a top-level Defense Ministry official told LA NACION, at the same time voicing ardent praise for the patriotism of Argentina's military officers, who are willing "to forgo just professional aspirations for the sake of the country's economic recovery," he said.

The high commands seem to have heeded the Defense Ministry's call for imagination, because according to reliable, disinterested testimony, "an economy of need already prevails in many barracks." A group of noncommissioned officers stationed in Rosario recently made pathetic disclosures to newsmen about the severe lack of funding in some units, which has even affected the quantity and quality of the troops' meals.

## Dominant Branch

The former secretary general of the air force, retired Brig Alberto Simari, whose controversial statements have made him one of the administration's harshest critics, has questioned the impartiality of the Armed Forces Joint Chiefs of Staff (JCS), a key element in the military model that the Defense Ministry is putting together with the full authorization of President Raul Alfonsin. Simari says that the JCS is dominated by army officers at the expense of the other branches, adding that it is liable "to make the same military blunders" that led to defeat in the Malvinas war.

Air Force Chief of Staff Brig Teodoro Waldner clarified yesterday that Simari's opinions are exclusively his own and do not represent the view of the air force. Meanwhile, Navy Chief of Staff Rear Adm Ramon Arosa asserted that "there is no predominance of one branch over another" in the new makeup of the JCS, which he said he supported.

According to Simari, in this new stage "defense strategy must determine which military branch will play a preponderant role in battle." Simari feels that it must be the Argentine Air Force. "It would alarmingly dangerous," he asserts, "to entrust our national defense to a doctrine that gives priority to strategic land maneuvers."

But neither the Defense Ministry nor the Joint Chiefs of Staff have as yet concluded their studies to draw up battle hypotheses, the resulting defense doctrine and the corresponding pattern of military response. More than a few observers are saying that the former air force secretary general (whom military circles link to a traditional, authoritarian air force faction) has been so aggressively outspoken because he wants to head off any attempt to downgrade the air force in the reapportionment of scant military funding.

#### Advanced Technology

According to an air force source, the branch argued its funding needs as follows:

- 1) Unlike the other services, the air force must keep minimum combat personnel in permanent training, and this is very expensive;
- 2) Fighter aircraft require quick-wearing spare parts and state-of-the-art technology, both of which must be purchased overseas (France, United States, Israel) with foreign exchange, and this is also expensive;
- 3) Forced to economize without jeopardizing its combat capabilities, the air force must call off a series of extramilitary activities such as the promotion flights that LADE [State Airlines] offers and technical assistance to airports handling civilian flights, among others.

Observers say that the other two branches could use their own variations of these arguments but that the air force stresses its "deterrent nature," a phrase very much in vogue in the branch today, to demonstrate the urgent need for ongoing modernization.

#### Strategic Deterrence

A Joint Chiefs of Staff officer explained to LA NACION that "a policy of strategic deterrence is unworkable in our country" and that publicizing it "confuses military personnel and public opinion."

He explained that "all of the specialized literature on conventional air power clearly indicates that it serves only to support the other branches and that a strategic air force is solely one that has nuclear warhead missiles (the United States Strategic Air Command) and that can destroy the heart of the enemy society."

He added that even if our air force could reach vital enemy targets by circumventing defenses and even with the element of surprise on its side, "the actual damage that it could cause would depend on the amount of equipment it had available, and thus the theory of being the least expensive branch falls apart."

"If the airborne deterrent were to fail," the informant concluded, "how would we halt a land or sea invasion, especially in light of how ineffective the air force was during the British landings in the Malvinas Islands?"

In the judgment of impartial observers, this "war of words" between advocates of army and air force dominance conceals their real objective, which is to secure the lion's share of the military budget and the upper hand in the Joint Chiefs of Staff. Observers also agree that in restructuring our military the Defense Ministry must bear in mind that a modern defense is necessarily expensive because it is based on state-of-the-art technology and information science.

8743

CSO: 3348/413



## FINANCE SECRETARY ANNOUNCES MILITARY BUDGET CUTS

Buenos Aires LA NACION in Spanish 5 May 84 p 11

[Text] Finance Secretary Norberto Bertaina confirmed yesterday that there would be a substantial reduction in the military budget, dropping from 5.97 percent of the gross domestic product (GDP) in 1983 to 3.94 percent in 1984.

Speaking at a luncheon organized by the Professional Council of Economic Sciences, Bertaina disclosed that of the 3.94 percent, 0.82 percent would be financed with the sector's own revenues and the remaining 3.12 percent with Treasury funds.

The focus of the treasury secretary's address was the 1984 budget. He regretted, however, that he was unable to reveal hard facts and figures because the nation's lawmakers had to familiarize themselves with the draft budget first.

### "Deplorable" Legacy

Bertaina contended that this year's budget was going to be conditioned by the 1983 budget, pointing out that the new government took over in a "deplorable" situation with a social legacy that "crudely reflects the impact of poverty," a large foreign debt and runaway inflation that "is an affront to the working man."

Elsewhere in his speech, he let it be known that the government's role would have to be scaled back and that in his judgment the State would divest itself of nonessential activities and handle only economic matters of paramount importance.

"In the recent past the government sought to play a subsidiary role and wound up subsidizing the economy," he went on to say, noting afterwards that too much money was spent on activities that yielded scant profits or were of little social value.

### Contemporaneous Cause

Elsewhere in his address he described the expansion of the money supply as a contemporaneous cause of inflation, "because otherwise we could not explain the recent rises in the cost of living." He also argued that the increase in real wages "had caused income gains that some sectors wound up benefiting from."

### Employer Contributions

Further on he came out in favor of a more equitable tax system and of improvements in the nature of government spending. He also criticized the elimination of employer contributions and disclosed that they were going to be restored.

In another vein, Bertaina announced that taxes are scheduled to rise under this year's budget and that capital and profits taxes would undergo changes.

### Investment

In the last part of his speech the finance secretary said that in addition to Yacyreta and Piedra del Aguila, the 1984 budget contains funding for dredging the Emilio Mitre Canal, for a mining expansion program, for grain storage facilities and, among other investments, for a forestry program, for the completion of work on the National Library and for a literacy campaign.

8743

CSO: 3348/413

## NEW DEFENSE BILL TO STRENGTHEN JOINT CHIEFS OF STAFF ROLE

Buenos Aires LA NACION in Spanish 4 May 84 p 3

[Excerpts] According to government pronouncements, during this period in Argentine history the Foreign Ministry, whose behind-the-scenes efforts continue even during wartime, as Clausewitz asserted, is working to relax tensions with our neighbors and to edge the country away from alignments that could compromise its security. As we can gather from the defense bill in preparation, the Defense Ministry has taken on the duty of organizing a new military model that will not act too late in the undesirable dilemma of a war.

One of the purposes of the Armed Forces restructuring that the administration is planning through the Defense Ministry is to develop a military that arrives on time in a hypothetical war crisis.

## Defense Law

The new national defense law that the ministry is currently working on will propose the creation of a Defense Council in which the various combat hypotheses would be discussed. It would consist of the nation's president, his cabinet, the chairman of the Joint Chiefs of Staff (JCS) and the chiefs of the army, navy and air force general staffs. The council would assess the conflict under way and chart the national strategy for a military solution.

The Defense Council would ultimately decide the nation's defense policy, which would necessarily dovetail with its foreign policy, the bill will state.

Also under consideration at the moment is whether or not it would be appropriate to create another special body called the Crisis Cabinet. Its makeup has not yet been decided, but its function would be to closely monitor conflicts and propose suitable actions. Like the Defense Council, it would be a primarily political body.

In the event of a conflict, the Joint Chiefs of Staff, whose task is to unify, not coordinate the military view, would propose a response to it. Hence, it is responsible for military strategy.

In turn, the JCS has other subordinate planning bodies in charting its strategy: the Strategic Operational Commands of Potential Theaters of War. The National Congress must create these commands by law at the administration's initiative.

However, in the event that a conflict with a foreign power worsened to the point that such commands were indispensable for a military response and if the administration did not have the time to send the corresponding bill to Congress, the president, through the JCS, would have available a special corps (currently being trained) called the Rapid Action Alternative Troops, which could counter a surprise attack.

#### War Plans

The national defense law that the administration plans to submit to Congress probably in mid-July assigns a major role to the Joint Chiefs of Staff: to make plans for war, that is to say, the war that would result from the hypothetical conflict situation.

"The Joint Chiefs of Staff is not a unified command; it issues orders to no one. It is just a war planning body," argued a member of the new JCS in response to the recent attacks on it.

This body, which is in charge of charting military strategy to deal with a hypothetical conflict, is made up of ranking officers from the three services (presumably their finest) and under the bill being drafted, under no circumstances will it be in direct command of the military forces, except in the extreme case of a full-scale attack on the country. Even in that case, however, the JCS would bring in the chiefs of the army, navy and air force general staffs to quickly work out a joint action.

#### Limited Conflict

In the event of a limited war, the Strategic Operational Command of the Potential Theater of War, created in each case by act of Congress, would be headed by the officer of the branch in the conflict scenario: the navy if it is at sea; the army if it is on land and infantry, artillery and armored vehicles must be employed, and the air force if an air war is to be fought. This military body would be commanded exclusively by the nation's president.

In the event of an all-out war, modern experience indicates that a conflict involving a developing country like ours would internationalize because outside aid would be sought. Under the Alfonsin administration's plans, the foreign minister would see to it that this does not happen.

8743

CSO: 3348/413

## REPORTAGE ON RADICAL YOUTH MOVEMENT ACTIVITIES

## Radical Youth Groups Described

Buenos Aires LA VOZ in Spanish 26 Apr 84 p 5

[Text] The other JR [Radical Youth] internal factions, in addition to the National Coordinator, are the Renovation and Change Youth, National Convergence Youth, the National and Popular Current, the Youth of Loyalty and Struggle and the Radical Socialist Movement.

## Renovation

Two of its main leaders are Horacio Tolosa and Lucia Alberti. In 1975 they belonged to "The Coordinator," but owing to internal dissent over that faction's stands a large group went over to Radical Youth Renovation and Change (JRRC).

Its defiant attitude towards the Coordinator because of its autocratic, toe-the-line policy of no internal debate led to harsh self-criticism, in fact. According to party sources, it makes its decisions in assemblies and is trying to gradually develop the personnel it needs to fill posts in internal party politics.

It supports the activism of Revolutionary Radical Youth during the past decade, in contrast to the members of the Coordinator, who disassociate themselves with that group. It is currently leaning towards alliances with factions that also criticize the Coordinator, which they have even described as "reactionary" [gorila].

## National Convergence

Some of its leading representatives are Guillermo Tello Rosas, "Chaco" Rodriguez Fontan and "Polo" Orlandi. This faction is attempting to salvage the nationalist, populist policies of the Irigoyen faction and is concerned with overcoming the "liberal" stands of its fellow party members. It does not carry on much internal debate, and some groups criticize its excessive willingness to relocate itself in the government structure instead of engaging in day-to-day activism. Its members used to belong to the Radical Action Movement.

They are seeking internal alliances to oppose the Coordinator at the upcoming elections. They support Raul Alfonsin.

#### National and Popular Current

Miguel Ponce and Hernan Lombardi head this faction, which in the Federal Capital carries out its activities under the name of Popular Intransigence. It claims to have a national and social liberation plan for our country. It argues the need for national unity as a first step towards putting together a third historic movement.

It keeps its distance from the Coordinator because it feels that the latter's program for a third historic movement does not emphasize the need to bring in the working class.

According to its leaders, Radicalism is still essentially a middle class party and therefore that an alliance with Peronism is needed once it changes and develops representative leaders. The National and Popular Current is taking after the past decade's Revolutionary Radical Youth, which in some regions worked alongside revolutionary Peronism.

#### Loyalty and Struggle

Marian Perla and Horacio Sacco are its best known representatives. This Balbin faction feels that it has engaged in serious self-criticism. It has no chance to expand on the basis of internal discussions or debate.

In relation to the other JR factions, it has developed a high level of mobilization, as reflected in widespread graffiti of its own slogans. It has clear-cut differences with the factions that are strongly behind Alfonsin.

#### Radical-Socialist

Among its leaders are Jorge Viscuso and Alberto Ottonello. Its creation initially prompted harsh criticism from the national and grassroots sectors that understood it to be a European Social Democratic line that ought to be excluded. Ambassador-at-large Hipolito Yrigoyen has ties with this faction. It is also regarded as the Radical Youth faction with the most progressive ideas.

It is currently leaning towards an alliance with National Convergence, National and Popular Current and Renovation and Change.

#### Franja Morada Wins Election

Buenos Aires CLARIN in Spanish 25 Apr 84 p 31

[Text] The first student balloting since the constitutional government took office was won by Franja Morada. The election was held at the Economic Sciences Students Center at Salta National University.

Franja Morada, the university representative of the UCR, won 370 votes to the Peronist faction's 270 and 120 for a conservative group.

Mario Leonardo Villaroel is the new head of the Salta student body, and Indiana Farizano and Juan Jose Rojas are the vice presidents. Elections will be held this coming 10 May in the Technological Sciences and Natural Sciences departments at Salta University. Carlos Andres Paz, the secretary general of the Humanities Center, which is run by Franja Morada, said that he was optimistic about his group's chances in the elections in these centers.

Although it is too early to make any predictions inasmuch as the trends do not become clear until the balloting at the larger universities, which begins in midyear, the first returns in 1984 still show the Radical group ahead of the Peronists in spite of criticism from across the political spectrum of Franja Morada's reinstatement after the UCR administration took office.

In any event, student leaders are expected to hammer out a minimum of common ground at the congress that the Argentine University Federation (FUA) will hold next month in San Miguel de Tucuman.

#### Amendment

By virtue of resolution No 789 the Education and Justice Ministry amended the bylaws of the Superior Institute of Faculty, of the higher education institutes under the National Directorate of Artistic Education and of similar institutes under the National Directorate of Intermediate and Higher Education.

The preamble to the ministerial resolution sets forth the government's intention to democratize the leadership of third-level establishments and to foster the involvement of students and alumni by giving them real representation on the boards of directors of those institutes. It also recalls the ministry's power to do this under Decree No 2745/80.

The resolution empowers the Undersecretariat of Education Leadership to issue the regulations implementing the stipulated changes.

#### Peronists Support Archbishop

Buenos Aires CLARIN in Spanish 13 Apr 84 p 31

[Text] In a press release yesterday the Association of Justicialist Attorneys of San Juan Province unexpectedly supported the recent controversial statements by the archbishop of the capital of Cuyo, Monsignor Italo Di Stefano, to the effect that the student movement Franja Morada is attempting to "bolshelize the universities."

According to the Peronist lawyers, "Article 37 of the National Constitution of 1949 describes as reactionary any attack on regained academic freedom, while opposing unbridled liberalism and Marxist materialism."

The declaration also states that the Catholic University of Cuyo "comes under the constitutional provisions that express Argentina's faith in God and put distance between the people and any sort of materialism."

#### The Declaration

The archbishop made his statement on 9 April, immediately prompting reaction from many Radical leaders and even from government officials. In it he described Franja Morada's demands as "strange."

This faction, the university representative of the UCR's Renovation and Change Movement, had demanded that the education authorities establish a tripartite government in nonofficial tertiary institutions.

"Most of the members of Franja Morada," the archbishop remarked, "have surely not bothered to assess the significance of what they are asking for: a tripartite government, in other words, an already well-known form of comanagement."

Monsignor Di Stefano went further, however, and contended that "we are going even beyond the people's tribunals in Castro's Cuba," noting that "the only difference is that they have not yet mentioned the firing squad or the KGB's psychiatric clinics to reeducate hard-core bourgeois reactionaries."

Among those responding harshly to the archbishop were the national director of university affairs, Dr Hugo Storani; the deputy governor of Buenos Aires, Mrs Elva Roulet, and the education and justice minister himself, Dr Carlos Alconada Aramburu.

Regarding Di Stefano's comparison of Franja Morada and the Montoneros, Dr Storani noted that "whereas that group waved the banner of death on high, we were clearly different as far back as then because we were for life."

#### Franja Morada Candidate

Buenos Aires CLARIN in Spanish 17 Apr 84 p 31

[Text] Marcelo Garcia, a law student at the Litoral National University (main campus in Santa Fe), will be nominated by the Radical group Franja Morada to head the Argentine University Federation at the federation's normalization congress scheduled for the second half of May in the city of San Miguel de Tucuman.



Garcia, the current head of the Student Center in the Law Department at Litoral University, will replace Roberto Vazquez, a student at Buenos Aires National University, who was elected metropolitan councilman at the 30 October 1983 general elections.

Until Vazquez took over (during the so-called National Reorganization Process), the majority political control of the FUA was in the hands of the "moderate bloc" comprising Franja Morada and the Reformist National Movement, the university representative of the Popular Socialist Party, whose leader is the former presidential candidate Guillermo Estevez Boero.

During this lengthy period (starting in 1975 under the Peronist constitutional government), the country's leading student federation was run by veteran leader Federico Storani, who is currently a UCR national deputy representing the province of Buenos Aires.

Significantly, in stark contrast to the previous decade, the FUA receded into the political background of the student movement in recent years, mainly because of the strict ban on political activities ordered by the military authorities shortly after the coup on 24 March 1976.

Garcia was nominated at the national congress that Franja Morada staged this past weekend in La Plata.

8743

CSO: 3348/414

## BUSINESS SECTOR ISSUES DOCUMENT, SCORES ECONOMIC MEASURES

Buenos Aires CLARIN in Spanish 25 Apr 84 pp 12-13

[Passages enclosed in slantlines printed in boldface]

[Text] The document passed unanimously yesterday by the 220 members of the Argentine Industrial Union (UIA) General Council /criticizes the "initial economic path" taken by the constitutional government, and demands that the course be corrected/ by means of specific measures (see box).

The manufacturing organization claims first of all: "We are aware of the /extremely grave economic situation inherited/ by the current government, and we know /that it is utopian to attempt simplistic solutions,/ but it is also imperative to find the right way soon, in order to face these problems /and achieve the correct results./"

The demand for /economic rectification/ arises from the UIA's assessment that "statistics show clearly that /the proposed anti-inflation objective has not been achieved,/" and thus "/new distortions have been brought about that will counteract the reactivation and eat into real wages,/" it warns.

It goes on to state that there is a "situation of great uncertainty" characterized by "the lack of economic prospects capable of gradually harmonizing expectations for well-being with a /consistent program of national and foreign investment that can lay the groundwork for steady economic growth./"

#### Causes

In its analysis, the UIA reveals the following causes for the crisis: a) /excessive public spending/ that deprives the productive sector of resources, and b) /galloping inflation/ that renders investment as a true engine of growth impossible.

As the /primary obstacles to industrial reactivation,/ it cites: a) /price controls,/ which "mutilate the relative pricing structure, in the face of high inflation, /to the obvious detriment of industrial prices;/" b) the proliferation of /uncontrolled labor conflicts/ in business enterprises, couched in wage demands that "are not compatible with the policy set forth by the government," thus converting private enterprise into a political-labor

battlefield; and c) "/an institutional financial system that has overstepped its bounds/ and has lost sight of the economy's real needs, basically as a result of direct and indirect pressures exerted by public sector deficits."

#### Spending and Rates

Later on the UIA goes into more detail about the reduction of public spending, especially by /state enterprises;/ it demands that the latter be restructured and that the functions of the central administration be reviewed. "A significant cut in public spending is today /the most important ingredient/ in the anti-inflation strategy and the reactivation of the productive apparatus," it comments. It adds that "the negative pressures that public spending is now exerting on private enterprise have a major influence on the problems the private sector is experiencing in terms of financing."

The organization also outlines the effects of a /restrictive monetary policy/ stemming from ever-growing public spending. "This makes it impossible for private business to obtain financing," it claims, "with the aggravating factor that /the struggle to obtain loan funds that are deliberately kept in short supply raises nominal interest rates indefinitely,/ becoming an additional component in inflationary pressure." It concludes that "/when this restriction applies to working capital, the situation becomes overwhelming,/ and the retraction of productive activity is the /implacable and inevitable consequence./"

On this basis, the UIA calls for "/a profound modification of the financial system,/" aimed at achieving "fluidity in financing so that the financial costs to private business will be commensurate with the profitability of its high-risk investments."

#### Tax Reform

The industrial organization does not forget to stress "/far-reaching reform of the tax system,/" in order to "distribute the tax burden more evenly" as well as "/simplify the system so as to reduce tax evasion, encourage productive investment and defend the real wage of the workers./"

In the section devoted to the "numerous labor conflicts, with /wage demands exceeding the guidelines established by the government,/" the UIA warns that this will "impair productivity, ignoring the fact that effective and lasting wage improvements can never be implemented if the individual and overall productivity of the economy does not improve."

The UIA emphasizes that "inflation is bad enough, but much worse is /repressed inflation,/" and that this situation is aggravated "in a context of near hyper-inflation" where "/the adjustment variable continues to be industry./"

#### Foreign Debt

The UIA agrees with the government's decision "to honor its commitments" with regard to the foreign debt, and states: "Within the time stipulated (30 June), an agreement should be reached that gives due consideration to the

country's repayment ability, which /is closely tied to the reactivation of the domestic economy/ and an increase in exports."

After warning that the country should create /250,000 new jobs/ each year just to keep up with its population growth, "which is very difficult in a stagnated country with an industrial GDP equal to that of 1974," the UIA concludes its document with two assertions: "A strong impetus should be given to industrial production within the framework of a coherent economic program," and "/it is not a question of supporting a government, but supporting our incipient democracy and our country./"

### The Proposals

The eight measures proposed by the UIA to "revise" the current economic path are as follows:

- a) /Drastic reduction of public spending/ that should be reflected in the 1984 budget, "which should reflect the real tax-paying capacity of the economy."
  - b) /Immediate reform of the tax system/ "to promote the effective /elimination of tax evasion,/ make possible a /lessening of tax pressure,/ and provide incentives for channeling /savings toward investment in private productive activity./"
  - c) /Elimination of price controls./
  - d) Establishment of a /wage and labor policy/ "that gives priority to /increasing productivity/ as a genuine basis for raising real wages."
  - e) Adjustment of the effective /exchange
  - f) Recognition of the need to provide financial supplies to private industry,/ "which assumes a significant recovery of its share in the total of monetary resources."
  - g) Assurance that the financing of the /public sector deficits/ "will not strangle the operative development and growth of private productive activity."
  - h) Elimination of the obstacles that prevent "an adequate and vigorous process of /private industrial high-risk investment./"
- for industrial exports to reflect real cost increases.

8926

CS0: 3348/415

## TRADE SECRETARY VOICES CONCERN OVER U.S. RESTRICTIONS

Buenos Aires LA PRENSA in Spanish 26 Apr 84 p 1

[Text] Secretary of Trade Ricardo Campero said that he had received instructions from Economics Minister Bernardo Grinspun not to authorize price increases for the enterprises that do not respond to higher demand with higher production. He also announced that the National Congress will debate a Consumer Protection bill in its regular session.

Campero explained that the firms must justify the need for price increases by meeting production levels commensurate with demand for the product.

"I have specific instructions," he added, "to try to prevent manipulations by certain companies that set their own limits and restrictions on production increases, despite higher demand."

In statements made during the Radio Argentina program "Los Periodistas," the official also expressed his concern about the restrictions imposed by the United States on Argentine exports of steel and shoes.

## Consumer Bill

With regard to the Consumer Protection bill, he indicated that it will be discussed during the regular session that begins next Tuesday in Congress. He said that the initiative is now being studied by consumer leagues and specialized entities.

## Restrictions

Campero questioned the "discriminatory and unjust treatment" of Argentine exports in the United States, and claimed that this policy is not compatible with the need to open up foreign trade or with the deficit in Argentina's bilateral relations with the United States.

He contended that the incipient effort being made by shoe exporters has been met with accusations of "dumping." The same thing is happening with steel, he added, even though the country does not have a very large share of the U.S. market for that product.

## Meeting with UIA

In addition, the secretary of trade confirmed that today he will meet as scheduled with leaders of the Argentine Industrial Union (UIA). On that occasion they will study the possibility of establishing a system to bolster industrial prices, which according to the industrial organization have deteriorated significantly since last December.

8926

CSO: 3348/415

## CAMPERO, BUSINESS SECTOR MEET, PRICE CONTROL ISSUE DISCUSSED

Buenos Aires LA NACION in Spanish 5 May 84 p 14

[Text] Rosario--National Secretary of Trade Ricardo Campero said in this city that "the price flexibility system will continue to develop with a safety net, in that all those who cross the barrier will be punished with increasing severity; many believe that the move toward greater flexibility gives the green light for social irresponsibility."

## Cooperation

After noting that the meeting with leaders of the Argentine Industrial Union had taken place in a friendly atmosphere, he reported that the organization was informed "that we are in a new stage in which cooperation will take place on a sounder basis because, due to methodological necessities, the specific sectors, the chambers, will have to agree on price systems in accordance with guidelines laid down by the Secretariat of Trade. All this," he emphasized, "would take place within the framework of a consultative council" in which various sectors, including consumers, would have a role.

## Conditions

He added that price flexibility will be implemented on two conditions: "First of all, the Secretariat of Trade will not allow price increases without the prior submission of production plans; secondly, any firm that exceeds the price limits set by the Secretariat of Trade will be denied access to credit, either in the domestic financial system or in the form of pre-financing and financing credit for exports. There will be no preferential credit," he went on, "regulated rates or financial subsidies, and in determining the price, special weight will be given to the liquidation of liabilities that result from the difference between the rate of interest and the rate of inflation, which often are not correctly figured in to costs."

## "Spectacular Jump"

At another point, Campero stated that by next month "a spectacular jump" is expected in meat consumption, and he exhorted the public to make an effort "when it comes time to diversify our consumption" because "we Argentines should ask ourselves if meat is going to get the best of Argentine society."

## Foreign Trade

Regarding the measures to take to promote exports, the secretary of trade asserted that a system will be devised that may include the adoption of substantial measures for reimbursement and tariffs, but in addition to that, "there is the added factor of a compensatory adjustment. The purpose of this is for exporters to receive the proper amount at the time the transaction takes place, that is, to create a climate of stability in these transactions. At the same time, a system of credit should be organized that will enable the country to take advantage of new marketing methods abroad, and a system of compensated exchange should be devised so that the country's imports can become a factor in promoting exports."

## Exchange Rate

Regarding the ratio of the peso to the dollar as an incentive for exports, Campero reiterated that "we will not produce a shock devaluation. We are going to keep to this rate and it will not lose competitiveness." He stressed that "here it is the effective exchange rate, not the nominal rate, that counts, and the effective rate for the industrial sector," he concluded, "will be at the proper level in terms of the country's needs and possibilities."

8926

CSO: 3348/415



## IMPACT OF REFORMS IN MILITARY CODE OF JUSTICE EXAMINED

Buenos Aires LA NACION in Spanish 28 Apr 84 p 7

[Article by German J. Bidart Campos]

[Text] 1 -- We know little of what has been written about the recent legal reform of the Military Code of Justice. In general, we view the changes as very plausible and of an obvious democratic bent.

2 -- The "royal" code of laws, whether with respect to the subject at hand or the case in question, is a jurisdiction that judges specific persons because of the subject or matter involved rather than the individual. The royal jurisdiction implies that the person in question, because of the case, will not be judged by the common courts. However, it is not a personal privilege extended to a person judged in this manner, nor should it be used to make a distinction between that person and the rest of the people.

3 -- When, in the time of the 1853-1860 Constitution, Article 16 abolished "personal" jurisdictions, which are a personal privilege, it left intact the royal jurisdictions based on substance or cause. One of them is the military code of laws.

However, in order for the military jurisdiction to be truly a royal and not personal jurisdiction, it must exist solely when the fact that military courts trying the case affects the armed forces as an institution. Otherwise, there is an abuse which, to the extent that it adds other matters subject to litigation in military affairs, implies a jurisdiction not based on the question at hand, but rather, an unconstitutional personal jurisdiction.

Why and for what purpose does the military code of laws exist as a royal jurisdiction?

4 -- The doctrine has been almost uniformly established that the basis for military tribunals, as a royal-type jurisdiction, is to be found in Article 67, paragraph 23, of the constitution, which gives Congress the power to "pass regulations and ordinances to govern those armed forces." The purpose has to do with the sole legitimizing aim of the military tribunals: for the government of the armed forces -- that is, to oversee the legal province of a specific, strictly military nature. Beyond that, there is no valid competency

and if the military jurisdiction is extended beyond that, that extension constitutes a personal jurisdiction that is anticonstitutional.

Is the Congress required to create a military jurisdiction?

5 -- The type of competency analyzed and the way in which the constitutional norm in question is drafted cause us to state that Congress has a facultative competence -- that is, it is empowered to create and establish military tribunals as a royal jurisdiction, but is not required to do so. It has done so and that was within its right. But if it should do away with them, it would not be violating the constitution because the latter does not impose the duty of setting up a military jurisdiction as a royal jurisdiction.

Code Before Current Reform

6 -- Without going into technical details, the reader should know that the Military Code, before the current reforms, expanded the military jurisdiction, turning the extension into a personal jurisdiction for crimes that were not of a specifically military nature. This was unconstitutional and was corrected with the law for the future.

7 -- Military crimes are solely those which directly affect the legal province of the military institution. In other words, the restrictive purpose forming the context of the congressional competency of Article 67, paragraph 23, was respected.

Subsistence of Old Code for Acts Committed Previous to Reform

8 -- The new law maintains the breadth of the military jurisdiction as it existed previously, when it is a matter of judging acts committed previous to the reform introduced in February. Why?

Because the law intends to respect the so-called guarantee of the "natural judge" and it appeared that Congress, in setting forth the law could not stipulate that acts which, when committed, were to be judged by a military court could then, because of subsequent modifications, be transferred to the province of a nonmilitary tribunal.

Is that good or bad?

9 -- Article 18 of the constitution states that no one can be "taken out of the jurisdiction of judges designated by the law before the act in question." This means that the natural judge is the judicial tribunal created by law and given competency by law, and that law must be in existence previous to the act giving rise to the trial to come before the courts.

10 -- Congress decided that if a law existing before the Military Code was reformed established competent courts to try military crimes, then acts committed under that previously existing law had to be respected after the reform, because the new law could not bring them under a court that now only receives its competency by a law subsequent to the act giving rise to the trial. Consequently, what Congress has done on this point is correct.

What about the judges?

11 -- When a judge has a conflict of competency with a military tribunal or vice versa, due to acts committed previous to the reform of the Military Code, meaning that they continue to be under military jurisdiction, what can he do? He is empowered to state that the current law which preserved the military jurisdiction for judging acts committed previous to the amendment is unconstitutional. Why is this true if we have said that Congress was correct in maintaining it? Because just as Congress could not legally set up as the natural judge of previous acts a tribunal that was not the judge before, the judges can maintain (because they and they alone are responsible for ensuring constitutionality and not Congress) that the military judge set up and maintained under the text of the Military Code (modified before and after) was and is unconstitutional. Why was this and is this so? Because, despite the fact that it was established by a law existing previous to the act in question, the law exceeded the rule of reasonability of Article 28 of the constitution, insofar as it made military justice competent to judge acts that did not affect the military institution. In other words, in so inflated the military jurisdiction that by virtue of the excess, it turned into a personal jurisdiction and it was no longer a royal jurisdiction for exorbitant cases.

12 -- What Congress did properly in reforming the Military Code, the judges can say is offensive to the constitution. But there was no other solution than to respect the law as it was and leave it up to the judges to declare the law unconstitutional later.

#### Judicial Revisions

13 -- For trials stemming from acts committed previous to the reform of the Military Code and those committed afterwards, the new law states that military sentences may be appealed to the Judicial Branch. This is a higher court created after the act resulting in some of the trials and it could thus be said that through the recourse of appeal, it is establishing the competency of an appellate court that did not exist previously. Will the guarantee of the natural judge thus be altered?

14 -- In no way because the law has improved the guarantees of due process and the right to jurisdiction because it has established the possibility of a higher judicial body for trials which, because of moving through the system of military justice, were not substantiated and are not substantiated before courts of the Judicial Branch. The law tried to ensure that, at least once, there would be an opportunity for rulings handed down by courts outside the Judicial Branch (the military courts) to be reviewed by a judicial tribunal with the greatest possible breadth.

#### Civilian and Military Tribunals

15 -- Henceforth, civilians may not be tried before the military courts for common crimes. In addition, those already tried and convicted by military

courts -- even if the sentence is final and already being carried out -- have available to them, as the result of another law, the use of habeas corpus so that the habeas corpus judge may verify whether they should be released or be tried by a judicial tribunal.

#### Conclusion

16 -- Beyond numerous technical details which are for experts and specialists, the core of the modifications established by Laws 23,049 (on the Military Code of Justice) and 23,042 (on expansion to habeas corpus) is completely orthodox and responds, not only to a proper constitutional focus, but also to an excellent tendency to make proceedings before the military jurisdiction obey the letter of the law. Consequently, we are certain that a bold and far-reaching step has been taken in the institutional life of our democracy.

11,464

CSO: 3348/411

## MILITARY TAKES STEPS TO MEET IMPOSED FINANCIAL CONSTRAINTS

Buenos Aires SOMOS in Spanish 27 Apr 84 pp 20-21

[Article by Luis F. Torres: "The Lean Years of the Military"]

[Text] The economic problem has become a pincer movement that has been squeezing the military front for four months but intensified in the past few days. Low pay and meager resources are, for those in the know, two variations on the same theme. The government sought to pacify the high commands by announcing that the pay question would soon be resolved, but at the same time, the different military organizations began to apply urgent plans to reduce spending and increase saving in order to meet unavoidable economic commitments.

Among the measures adopted to cut spending are a number of curious solutions such as, for example, evening passes to avoid spending on evening meals, or the recent seven-day leave for Holy Week and another plan being drafted in one of the branches of the staff to reduce personnel on duty during the month of July to the minimum. In that building alone, some 7,000 conscripts would be given 30-day leaves so avoid huge expenses for food and living expenses.

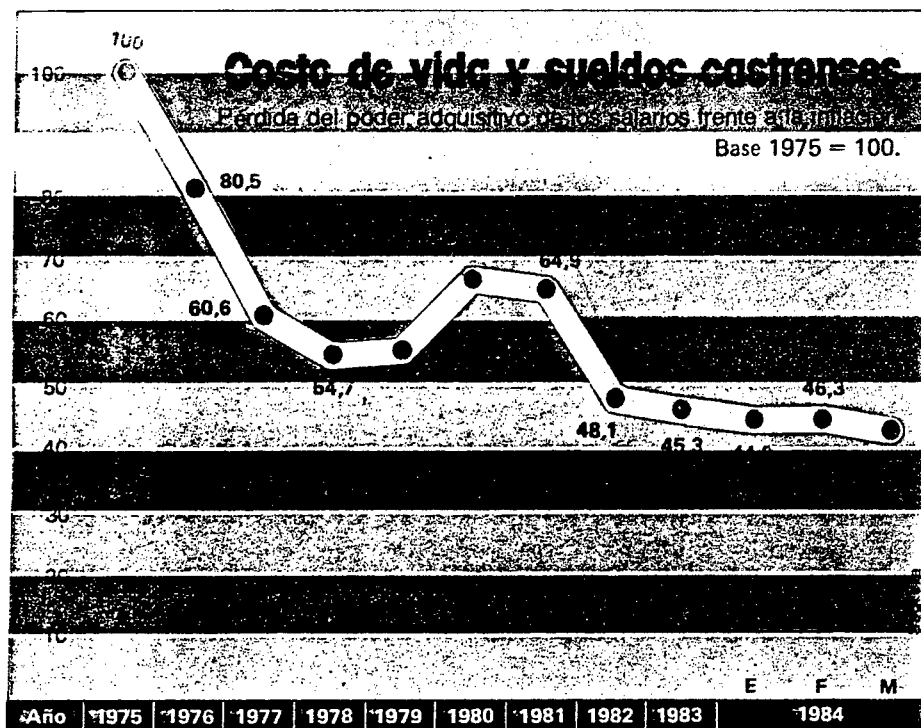
The military views the economic crisis facing them with alarm, but admits that it is a problem of national dimensions affecting everyone equally. It is on this point that the Aristas are most categorical, with those in the know saying that wages are at the lowest level in 10 years.

One confidential file submitted by the army staff to the Defense Committee of the Chamber of Deputies reveals a detailed description of the situation in that branch, which might serve as an example for the entire military.

The conclusions of the file are that beginning in 1982, retirements and discharges increased substantially, noting that the trend will continue. They add that personnel with the most advanced training are those that emigrate.

The file also states that the army has double the total number of troops in the other armed forces and has 76 percent of the citizens serving within its ranks, which would tend to justify the amounts of the sums requested from the Defense Ministry.

Cost of Living and Military Pay (Loss of Purchasing Power of Wages Due to Inflation)



Military wages are at the lowest level in 10 years. The curve shows the drop in purchasing power of pay.

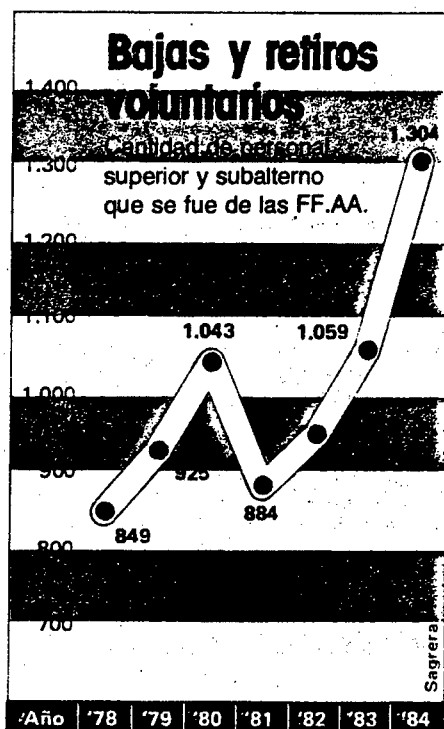
The conclusions of the confidential report in the hands of the deputies then make a comparison with other South American countries. "Army personnel, with respect to the number of inhabitants of the country, number considerably fewer than in neighboring countries (particularly Brazil and Chile)," the document states, adding that the army personnel-population ratio is "analogous to that of countries in South America with democratic systems."

Based on a table included in the file submitted to the Chamber of Deputies, the army has some 120,000 men, including civilian personnel working for it, meaning that nearly 54 percent of all personnel in the three branches are in the army. This fact would tend to emphasize that the budgetary and resource needs of the army are greater than those of the navy and air force, which have 24 and 20 percent of all personnel respectively.

#### Earnings

"That is a ticklish question if there is one," said one Chamber of Deputies source in commenting on the matter of pay, something that has always been shrouded in mystery and reserve, helped by more than a little prejudice.

Discharges and Voluntary Retirements (number of high-ranking and lower-level personnel leaving the armed forces)



Military men seek other activities. Retirements are high in number.

If one is to go by the confidential report before the Lower Chamber, a lieutenant general (a post vacant since the disappearance of the commanders in chief, but held by a number of retired former presidents) received a total of 37,324 Argentine pesos in March.

The rest of the salaries of high-ranking personnel are as follows:

Division General	33,477 Argentine pesos
Brigadier General	29,725
Colonel	26,193
Lieutenant Colonel	21,672
Major	16,144
Captain	13,377
1st Lieutenant	10,677
Lieutenant	8,347
2d Lieutenant	6,562

With respect to enlisted personnel, the source of recent demands, a noncommissioned officer (the highest rank) received a total of 12,538 Argentine pesos in March, while a corporal, the lower end of the chain of command, received a mere 4,386 pesos.

The confidential report stresses that military personnel must pay for utilities, telephone, transportation, food at the clubs, their uniforms (except for combat dress) and 50 percent of all medicine out of their salaries and wages and that "there are no preferential loans for any purpose."

There is also a comparison between the different categories of employees in government offices, wages received by the ATC [expansion unknown] (Channel 7) and military allowances. An ATC cadet received 6,719 Argentine pesos in March, while Step 1 of the civil service received 6,765 pesos. A corporal, who would be on the same level, received 4,386 pesos.

An illuminator received 10,551 pesos, Step 18 of the civil service 10,105, while a 1st lieutenant received 10,677 pesos.

The economic crisis that began to hit in 1980 gradually discouraged military personnel from remaining in the ranks of the different forces. It became necessary to seek new horizons and better pay. At the same time, private enterprise tempted highly trained military personnel from different technical areas toward other jobs offering more pay.

Consequently, the curve of discharges and voluntary retirements rises sharply starting in 1982.

Military engineers, communications and computer technicians, accountants and other specialists preferred to leave their military career and devote themselves to other tasks whose pay is far above what the military profession can offer them.

In 1982, 851 members of the army left the ranks voluntarily, while 1,059 did so in 1983. The current crisis, according to the projection of the army general staff, will cause 1,300 to retire in 1984.

While the report in the hands of the deputies does not say so, one could also see a descending curve this year with respect to those entering the military institutes. It would appear that the economic reward for the profession has begun to dampen enthusiasm.

Concern over salaries has already gone beyond military circles. Peronist Deputy Adam Pedrini met on Tuesday of last week with Defense Minister Raul Borrás to express the concern of his profession over the meager pay of soldiers. Pedrini firmly requested that the government grant emergency increases. Borrás quickly answered that the subject is also a matter of concern to the government and that there will soon be a change.

Defense Law: Tacit Agreement?

Passage of the new National Defense Law could become the first major agreement between Radicals and Peronists if their joint work in Congress and Defense is successful. To date, Justicialismo and the government have approached the matter separately, but they maintain close relations in their search for agreement and a rapprochement resulting in a measure that will not be blocked



in either house when it comes up. All agree is that it is necessary to exchange the national security doctrine for the national defense doctrine. The former served as an ideological basis for the military trials that began with Ongania and took on increasing importance during the antiterrorist struggle and during the National Reorganization Process. At the present time, Regulation 16,970, set forth in October 1966, is still in effect, speaking only about ideological and functional inadequacy and of a legal vacuum that must be filled.

If the work of the Peronists and Radicals should fail, the ramifications of the problem could reach Alfonsin himself, since as commander in chief of the armed forces, national defense is within his province.

Borras, enigmatic, but a shrewd politician, has initiated informal contact with Peronist legislators seeking agreement. Those who know the minister say that he was the author of the move to form a team made up of military men to work with Defense Committees from both houses. "If the minister's dreams come true, it will be a concrete step within the call for national unity made by Alfonsin," said one close to power. If the National Defense Law should be unanimously passed, who would criticize it? That is another of the double edges of Borras' attempt. What is certain is that the Peronists are working on their own proposal -- and are far along -- and the government has already completed the first phase of the drafting of its measure. However, both agree that there could be news early in July.

Deputy Alberto Melon (Justicialista), deputy chairman of the Defense Committee of his house, told SOMOS: "There are no major differences between Radicals and Peronists when it is a matter of national defense." For his part, Carlos Guillermo Sarquis (Radical), secretary of the committee, agreed with his colleague in pointing out that "there is a tacit agreement" between both blocks on "not engaging in partisan politics on matters of national defense." "By working together," Melon emphasized, "we can have something in two and a half months."

11,464

CSO: 3348/411

## BRIEFS

CONSTRUCTION BOND--Undersecretary of Trade Nestor Stancanelli assured construction firm owners that foreign construction firms will not be hired, said the president of the Argentine Construction Chamber, Filiberto Bibiloni, after meeting with that official. He also reported that a government bond issue was proposed in order to obtain resources for public works investments. Bibiloni indicated that "it would be disastrous to contract with foreign construction firms, as has reportedly happened with French or Mexican companies." He then stated that public works investment totaled \$3.1 billion last year, of which 38 percent corresponds to financing costs and taxes, while this year the projected total is \$2.5 billion, excluding the housing program. Bibiloni estimated that housing investments will represent about 1.5 percent of the Gross Domestic Product this year, since by this coming June or July the program to build 70,000 units with resources from the National Housing Fund will get underway, and another 30,000 units will be built with funds from the National Mortgage Bank. Bibiloni pointed out that another proposal made to the official was that the exportation of construction technology be encouraged, and that local firms participate on an equal footing with the foreign competition in international bidding. He then explained that the proposed bond could absorb resources from the unofficial financial market, which can "launder" funds without paying taxes on profits. [Text] [Buenos Aires LA NACION in Spanish 1 Apr 84 Sec 3 p 4] 8926

FORD AGAINST PRICE CONTROLS--The president of Ford Motor Argentina, Juan Maria Courard, blamed the official price control policy and labor conflicts for the company's losses of \$40 million so far this year. In statements made at the metropolitan airport, Courard contended that the price control policy "still exists, even though the Secretariat of Trade told us that a new band of 60 percent of our products will be deregulated as of next 1 May." He also attributed the losses to "labor conflicts that have still not been resolved. All this costs money, and our efforts should be aimed at obtaining greater and better productivity; we should not have to be struggling against these price controls and labor conflicts," he stressed. He also maintained that "we will solve the problems of the 9,000 Ford workers with good will on the part of labor and management, but," he warned, "we will also need some willingness on the part of the government." Finally, he stressed that "all businesses want price deregulation and free competition on the market. If we do not achieve that, and then we lose money, it will be our problem and our responsibility." [Text] [Buenos Aires LA PRENSA in Spanish 26 Apr 84 p 4] 8926

FRIGATE PURCHASE--Carlos Ernesto Ure, a former councilman and leader of the Democratic Party of the Federal Capital, has stated that "the people must be kept informed about the purchase of German guided-missile frigates," noting that "the government is apparently still going ahead with the purchase of four frigates from Blohm und Voss Shipyards in Hamburg, which had been arranged before the Malvinas war, without initiating discussions as to whether their acquisition is appropriate." Ure noted in a statement that the frigates' propulsion system "is based on British-made Rolls Royce turbines," which "means that we would have to buy essential spare parts from Great Britain, with which we have not formally agreed on an end to hostilities." He also indicated that "the frigates reportedly cost \$1 billion" and that "transferring this large an amount of foreign exchange to Germany simply means that a good portion of future Argentine savings will leave the country to help revive that nation's shipbuilding industry, which has been in quite a slump in recent times." [Text] [Buenos Aires LA NACION in Spanish 3 May 84 p 6] 8743

CSO: 3348/413

## PILOT PLANTS TO TEST PRACTICALITY OF WIND TURBINES

Bridgetown SUNDAY ADVOCATE in English 29 Apr 84 p 1

[Text] PLANS are now under way to set up a pilot plant in Barbados to determine the potential for generating electricity by wind turbines and transferring the energy generated into the national electricity grid.

Senator Clyde Griffith Minister of State responsible for Planning, last Thursday signed a contract for the Barbados Government with the British firm, British Electricity International (BEI).

The contract calls for the provision of consultancy services for studies to set up the plant and efficiently transfer the energy generated into the national grid.

Under the terms of the contract, BEI will be required to perform two activities.

The first activity will be during a 30 month period acting as the Barbados Wind Power Unit (BWPU) for the management and execution of the programme, while the second activity will last for six months and involves preparing the required engineering designs, specifications and tender documents for the procurement and installation of a wind turbine and its ancillary equipment.

The preliminary phase of the operation will last 21 months, and will consist of studies relating to the pilot plant in accordance with the Inter-American Development Bank's guidelines for power projects together with plant equipment acquisition and installation.

During this phase, the Caribbean Meteorological Institute (CMI) with which Government signed a contract last January 9, will document reports on wind and siting studies in order to decide upon a suitable site for a pilot plant. The Institute has already started work on this aspect of the project.

Other tasks to be carried out in this first phase include the preparation of designs, specifications and tendering of documents for the procurement of a wind turbine and the procurement of the turbine and equipment necessary for inter-connection and synchronisation with the electricity grid and the installation of this equipment.

The procurement of a wind measurement tower under specifications provided by CMI is also included in the first phase.

The final phase, or the operation phase will last some nine months, and will include the tasks of monitoring and evaluation of the performance of the wind turbine in relation to wind conditions to be carried out by the CMI, electricity production and grid connection and utilisation to be carried out by the Barbados Light and Power Company.

It will also monitor and evaluate the performance of the pilot plant to produce documented reports leading up to a final report which shall, in the final analysis, make appropriate recommendations on the viability of undertaking large-scale wind farms for generating electricity in Barbados.

British Electricity International Limited, the consultant firm for the project is an independent subsidiary Company, fully owned by the British Electricity Council, responsible for providing to electrical undertakings throughout the world.

CSO: 3298/810

## BRIEFS

EXPLORATORY DRILLING--The Canadian company Bow Valley Resource Services Limited has shifted its exploratory drilling to another location. This time the company has sunk a well at Bissex St. Joseph as part of Barbados' ongoing efforts to find oil in commercial quantities. The company has so far carried out exploratory work at Canefield, St. Thomas, and Lower Parks, St. Joseph. The company has been contracted by the Petro-Canada International Corporation (PIAC) to carry on the drilling programme in the Scotland District. Some 10 wells are to be sunk and finance for this programme is coming from the Canadian International Development Agency (CIDA). The company is conducting shallow drilling at a depth of 2 500 feet. On completion of these drilling information is passed on to the Petro-Canada International and the Barbados National Oil Company for assessment. [Text] [Bridgetown BARBADOS ADVOCATE in English 19 Apr 84 p 1]

CSO: 3298/810

## U.S.-SUDAN RELATIONS ANALYZED

Savanna EL OFICIAL in Spanish Feb 84 pp 55-64

[Article by Isel Vega Cruz: "Democratic Republic of the Sudan"]

[Excerpts]

## Location, Area and Population

The Democratic Republic of the Sudan is an East African nation which covers a total area of 2,505,815 square kilometers, such that it is the largest country on the African continent. It is bounded on the north by Egypt, on the east by Ethiopia and the western shore of the Red Sea, on the south by Kenya, Uganda and Zaire and on the west by the Central African Empire, Chad and Libya.

Livestock breeding is the main economic resource of the country, and the main species raised are cattle and sheep.

Sudan has vast mineral wealth, but for the most part it has not been exploited. The production of iron, chromium, manganese, salt and magnesite is very limited.

Sudanese industry is very little developed, being limited to craft work and food production.

The Arab oil-producing countries, particularly Kuwait and Saudi Arabia, want to transform Sudan through the Arab Economic and Social Development Fund (FADES) into the breadbasket of Africa and the Middle East. To this end, they are investing sizable petro dollar surpluses in livestock breeding programs, but they have failed to meet expectations due to the lack of consistent irrigation plans, and the lack of the necessary technology and skilled manpower to put them into operation.

## Organization

Since 1971, political parties, trade unions and all mass organizations have been prohibited in the country. Only the Sudanese Socialist Union, which serves the interests of the dictator, Nimeiri, is legal.

Of all the Arab and African communist parties, that in Sudan is deepest rooted in the traditions of revolutionary struggle. This dates back to the era of struggle against the British occupation. In addition, the PCS [Sudanese Communist Parties] pursues active work not only in the capital, but in the rural sector, including the state farm locations, as well.

The PCS has been the focus of savage repression and, following the events of 1971, the majority of its leaders were imprisoned and assassinated, and since that time its militant actions have been pursued in the strictest clandestinity.

The Railroad Trade Union has firm foundations, and throughout the whole of the modern history of Sudan, it has been the index of resistance or workers' demand movements. It was dissolved on the orders of Nimeiri in 1981 after many attacks upon it, and after it was declared an antinational union.

The Unified National Front, sponsored by the PCS, was established in 1979. It pursues clandestine activities and is very active, being the organization which has offered the regime the greatest opposition.

There is also an organization functioning in the country which is important because of its origins. It is called the Movement of the People for Struggle Against the Regime and Return to Arab Nationalism. This movement includes young officers who oppose Nimeiri and some members of the Democratic Party and the PCS.

#### Public Health

It is estimated that there is a hospital bed for every 1,098 inhabitants and a practicing doctor for every 12,527 citizens.

#### Present Situation

The impression Nimeiri gives, in view of a catastrophic economic, political and social situation, is that of a cornered man. In recent times the Sudanese dictator has vastly multiplied his dealings with the Arab oil capitalists, with a view to obtaining financial support to renew the empty state coffers.

The situation within the country is untenable, since the conditions of life are such that the regime is compelled to maintain repressive forces to prevent and overcome the explosion of the peasant and workers' masses. In the capital, Khartoum, there is constant endemic social agitation. The threat of a general strike hovers unceasingly over the Sudanese leaders, who have lost all support throughout the country, including that of the bourgeoisie and the traditional religious sectors.

The workers, students and trade unions are the standard bearers of this forceful protest movement. They are sectors which are strongly united and have solid traditions of struggle. They are the main target of all of the repression which, although brutal, has fallen fall short of weakening them.



They energetically demand free general elections, but this idea is unacceptable to Nimeiri because it would mean the end of his regime.

Beginning in 1981, Nimeiri established closer relations with the United States. The reasons for this lay in the inclination of the Pentagon to expand its alliances in Africa and the Middle East so that the Western monopolies could retain control of the energy resources in the Gulf, and to take over Sudan in order to slow down progressive regimes and the Arab and African liberation movements. However, neither the Yankees nor their puppet Nimeiri have achieved this yet, because the opposition in the country is widespread and very active.

In 1981, a wave of violence of social origin broke out in the southern part of Sudan. Tens of thousands of flyers were circulated in the capital, urging the people to rise up against the regime which had betrayed the people, who are impoverished and isolated from their Arab brothers and the African national liberation movements.

On the other hand, a special situation was created. It is a question of a new form of popular and national struggle headed by a clandestine organization called the "Movement of People's Officers for Armed Struggle Against the Regime and Return to Arab Nationalism." In addition to the progressive elements among the younger generation of military officers of middle and petty bourgeois origin, this group includes representatives of the three most important parties--the Nationalist Party, the Democratic Party and the PCS, as well as some workers' trade union leaders and representatives of the farm cooperatives. The goals of this organization can be summarized in three points:

- Uniting all the opposition parties and all the trade unions in a broad anti-imperialist, democratic and national front;
- Reconciling the two forms of traditional struggle pursued by the workers' and peasant organizations; and
- Utilization of the various forms of resistance.

Also in that same year, the powerful railroad trade union called a 5-day strike, initially motivated by the dismissal of 34 railroad workers. However, this strike was extended as a result of the government decision to dissolve the Railroad Workers Trade Union on the pretext that it was an anti-national group.

The year 1981 was a period characterized by strikes and rebellions against the regime, and these incidents were so frequent that Nimeiri found himself forced to sign a decree amending the state security law, which said: "anyone organizing or encouraging a strike or hindering work will be liable to the death penalty or life imprisonment." Thus in Sudan the right to strike has become an act of "high treason." But neither this decree nor the aid of Egypt and the United States has enabled Nimeiri to stifle, much less crush, the popular movement, which is strengthening day by day.

In December of that same 1981, a series of demonstrations occurred in all the secondary centers in the capital. They soon took on a mass aspect and neither police nor tank troops could silence the voices of thousands and thousands of Sudanese citizens protesting against the increase in the prices of goods of first necessity because of the economic recovery program devised by Nimeiri, which called for increasing the prices of sugar, tea and oil. In the face of the strength of these popular uprisings, the regime found itself obliged to dissolve the powerful Railroad Workers Federation, and it then shut down all the educational institutions.

In order to stifle the rebellions, the Nimeiri regime has since 1981 applied the formula urged by CIA Chief William Casey to the country. "To contain popular discontent, within the limits of certain demonstrations and strikes without major consequences," he said, "it is necessary for the government to make a show of strength from the beginning. If tens of individuals are massacred, the rest of the population will then be intimidated." However, it is infuriating to see how this maxim of Mr Casey's is applied, for example, to students of 8 to 12 years old with nothing but stones with which to defend themselves. Such a massacre occurred in Khartoum in December of 1981.

With such repression, Nimeiri is not only trying to crush the demonstrations by the people, but also to liquidate the trade union leaders, the cadres of the various political parties, and above all the communists, who are subjected, once in prison, to systematic weakening by means of undernourishment and then confinement in dungeons, where they are at the mercy of the poisonous reptiles which abound in the hot and humid areas. Through the use of these methods, the dictator Nimeiri has done away with more than 1,200 revolutionaries. In using these methods, the Sudanese government has thought it could reduce the resistance of the people and silence its leaders, and has sought to halt an ever-rising wave of protest and discontent. But the traitor Nimeiri deceives himself, because the Sudanese people are not willing to continue suffering from hunger and from isolation from their Arab brothers and the African liberation movements, and they are demonstrating this. They are not prepared to pay, with money they do not have, the high prices for the products of first necessity, or to suffer harrassment and discrimination in their own country. Therefore they are struggling and they will continue to struggle, and the proof of this is the statement signed by the Unified National Front, which Vice-president El Tayeb was surprised to find on his desk some time ago.

". . . it is time now for Sudan to free itself of its president, who imposes upon us austerity while he has 200,000,000 dollars in Swiss banks, and who can pay half a million to a Western weekly for a color report on his home life, while the Sudanese people have been deprived of their bread, of their daily cup of tea and their sugar."

5157

CSO: 3248/586

## PUBLIC PREPARED FOR RADIO MARTI 'PROPAGANDA LINE'

Havana VERDE OLIVO in Spanish No 15, 12 Apr 84 pp 19-21

[Article by Juana Carrasco: "On the Air: Subversion"]

[Text] Of prime importance in the world today is to be well informed about general, cultural and political events happening, not only in the country, but all over the world.

In the field of mass communications, this implies a parallel development of the ideological and political struggle at a fever pitch.

At the present time, 80 countries have radio broadcasts beamed abroad. This is only one aspect of the situation. They also use newspapers, journals, books, movies and television programs to spread concepts ideas and policies.

It is of interest to us to analyze the activity in which three radio stations of the American Government engage: Voice of America, Radio Liberty, and Radio Free Europe, all of which have the clear purpose of transmitting propaganda aimed at manipulating the thoughts, feelings and even instincts of listeners in order to exercise an ideological influence over them and turn them into instruments of their campaigns.

It is a well-known fact that the Voice of America went on the air on 24 February 1942, for the purpose of broadcasting to the zones of the world conflict and providing news to the Caribbean, Central America and South America in order to counter Hitler's radio propaganda aimed at the region.

When the war ended, Voice of America experienced a short period of lethargy, but the beginning of the decade of the 1950's and with it, the cold war instigated by Washington and its capitalist partners against the nations in the socialist area, resurrected this broadcasting medium.

The Voice became the spokesman for the cold war and was soon accompanied in its subversive labors when, in 1950, it was joined by the so-called Radio Free Europe and in 1953, Radio Liberty. Supposedly managed by committees of emigres from the European socialist countries and financed by public donations, it was soon discovered that both the former, with its task of broadcasting to European people's democracies, as well as the second, devoted exclusively to broadcasting for and against the Soviet Union, constituted a covert operation of the CIA's for the purpose of destabilizing nations.

William Donovan, a high official in Yankee intelligence and the founder of these stations, gave them precise instructions: "Propaganda aimed abroad is to be used as an instrument of war, as a conduit for spreading rumors and deceit."

It is a secret to no one that Radio Free Europe played an active role in the events in Berlin in 1953, Hungary in 1956, Czechoslovakia in 1968 and more recently, in Poland. In all cases, it openly incited the people to rebel, to alter the established order in order to overthrow the established social system.

In 1971, it was revealed that during the first two decades of their life, these stations were surreptitiously financed by the CIA and the Senate investigation that took place at that time came to the conclusion that such connections had to be quickly broken.

A presidential commission in 1973 set about revising the function of these stations and decided that they should have professional independence, solely limited in the sense that they had to operate "in a way not inconsistent with the foreign policy of the United States."

However, the location of Radio Free Europe and Radio Liberty under the control of the International Broadcasting Board did not imply total independence with respect to imperialist plans. They continued the work of manipulating public opinion, individual psychology, using the methodological basis of all imperialist propaganda: disinformation, lies and slander.

With the arrival of Ronald Reagan in power, the counterrevolutionary and diversionist nature of the three radio stations was intensified, bent on a "psychological war" having two primary objectives: 1) changing the existing order of things and restoring capitalism in the socialist countries; and 2) preventing revolutionary change in underdeveloped countries.

#### Task for Radio Free Europe

The case of Poland is an interesting example for revealing the counterrevolutionary and diversionist activity of these broadcasting stations. While it has been discussed by the three stations, it is Radio Free Europe which, since August 1980, began to broadcast in Polish 24 hours a day from its headquarters in Munich, the Federal Republic of Germany, where a whole network of anti-Polish centers function.

That year, instructions began to be given on what requirements should be put to the socialist government, such as strengthening the strike committees. It launched a campaign against the militia that was rapidly taken as a point of departure for the counterrevolutionary KOS-KOR [Social Self-Defense Committee] organization in its proclamations against the forces of order and Polish security organs.

It also devoted special programs to young people so as to find a base for execution of the anti-socialist plans orchestrated by the then national

security adviser Zbigniew Brzezinski, who considered Poland "the weakest link in East Europe" and consequently ordered that "...our efforts be aimed at contributing to the destabilization of Poland." The line of action to be followed included the gradual erosion of socialist values and the organization of an armed counterrevolutionary uprising. Radio Free Europe served to impart these watchwords.

Despite the lack of success of these antisocialist plans for a counterrevolutionary coup, Washington did not drop its aims and Brzezinski's recommendation of influencing Polish public opinion through propaganda directed at demonstrating "the incompatibility of Polish interests with the communist model" continues in force.

Radio Free Europe has since last year been directed by James Buckley, the reactionary former American senator who also served as undersecretary of state for security assistance. Buckley cynically and shamelessly stated: "It is only thanks to the existence of Radio Free Europe that the Polish people can obtain complete information on events in their country.... We ask ourselves: What would we want to hear as Poles? In addition, we are an announcement board for dissidents such as the members of Solidarity. When Solidarity makes a statement, we broadcast it."

#### Radio Libertad

Some 40 radio broadcasting stations transmit propaganda hostile to the USSR for 270 hours a day. In the succession of lies broadcast by Radio Liberty and Radio Free Europe, an essential space is occupied by the attempt to show that the Soviets' dream is to imitate the "Western lifestyle" or emigrate to the West.

Not long ago, a UPI reporter, Louise Branson, even though she dropped her poisonous line that "the average Russian finds it nearly impossible to learn anything the authorities do not wish to tell him," had no choice but to admit the following: "Many Westerners are surprised to learn that the majority of the 270 million Soviets whole-heartedly support their government and system. Western information media devote so much attention to dissidents that they take their ideas as representative of the secret thoughts of the majority. Nothing is further from the truth...."

The basis for Radio Liberty's programming is anti-Sovietism, in complete agreement over the past 2 years with the crusade against communism announced by Reagan in a speech delivered before the British Parliament.

Since that time, the propaganda campaigns of this broadcasting station have been intensified, used by special units of the CIA to meddle in internal affairs, create pro-American fifth columns among the so-called dissidents and inculcate moral standards of conduct of the "American way of life" and its ideological concepts.

George Bailey, presented as an "outstanding newsman" and "prize-winning writer," was recently appointed to head Radio Liberty. It would appear that the Reagan

team had forgotten something they did remember in Europe: Bailey is known there under other names: George Bibel, Georg Georgievitch Thomas, Jack Thomas, Mr Troimann or Major Frank, some of his identities as an American espionage agent.

The appointment made it clear that Radio Liberty is a subdivision of the CIA and not an "independent" radio station only responsible to the International Radiobroadcasting Council. Bailey's biography (published by the Soviet journal TIEMPOS NUEVOS, No 9/1984) leaves no room for doubt.

Diversionism and counterrevolution are the messages broadcast in 15 Soviet languages for 469 hours a week by the self-styled Radio Liberty.

Voice of America and Radio Marti: Attempt at Subversion

In 1981, President Ronald Reagan appointed Charles Z. Wick, a California millionaire, personal friend and hard-line anticommunist, as director of the U.S. Information Agency (USIA) in order to step up the use of that organization as an instrument of propaganda. Wick stated at that time: "We are in competition to win minds in the world" and fully took on his task of "resuscitating" the Voice of America (VOA).

Wick set up a highly professional staff to fill VOA ranks and requested for 1982 a total of \$564 million to make the work of the broadcasting station more effective during the 24 hours a day it broadcasts in 42 languages, supplying the news it receives from its 201 offices in 125 countries. In 19 months, the VOA had two directors. The current director is Kenneth Tomlinson, who claims that the programs of the station are objective and who has "institutionalized a balance that the VOA had never before known." For many years, Tomlinson was one of the editors of the well-known arch-reactionary American publication READER'S DIGEST (SELECCIONES).

According to DIARIO LAS AMERICAS (February 1983), Tomlinson was appointed by Reagan for the post in response to the many complaints of conservatives and anticommunists that the Voice did not reflect the philosophy of that Republican Administration or the views of the United States in the confrontation with the Soviet Union and socialism.

Bent on the psychological war, the Voice resorts to ideological and propaganda subversion to such a point that a reporter from the American magazine NEWSWEEK (31 October 1983) admitted that under the Reagan Administration, neither the VOA nor its two sister stations in Europe, Radio Free Europe and Radio Liberty reported the news objectively and had become "forums for extremists who had emigrated from East Europe or for the strident opinions of the White House."

The microphones of the Voice of Europe were used directly by President Reagan in September 1983 to present Washington's opinions on the case of the South Korean airliner shot down while on an espionage mission over Soviet territory. In January 1984, he repeated his visit to broadcast a message "to the Cuban people" in which he uttered slanderous lines against the revolution and announced that "very soon" the broadcasts of the irreverently labeled Radio Jose Marti would go on the air as part of the service of the Voice of the United States.

The lying, propagandist, subversive and brainwashing nature of the programming beamed at Cuba was concealed behind words similar to those which other officials we have mentioned used for Radio Free Europe and Radio Liberty. Reagan said: "The purpose of the programs of Radio Marti will be very simple and direct: to tell the truth about Cuba to the Cuban people. We want them to know what they have not been told."

If we make an analysis of the propaganda campaigns conducted by the Voice of the United States in the past year, we come to the conclusion of what kind of "truth" that anti-Cuban radio station will carry.

The American Congress had already recommended the following as propaganda activity aimed at Latin America: The USIA and other American agencies should step up information convincing peoples in the area that the danger to their well-being comes from communism. Specifically, news on Cuba published by the press, capitalist news agencies and radio stations show that the United States is now involved in a propaganda offensive against the Cuban Revolution similar to that characterizing the attacks on our country during the early years of the revolution.

In the case of radio propaganda, there are six general lines of biased slander aimed at presenting us as a "satellite of the USSR," the "exporter of revolution," backer of "terrorism," engaged in "narcotics trafficking in the United States," a "violin of human rights" and "overwhelmed by serious economic problems."

We could give many examples to reveal the type of "objectivity" characterizing the VOA, but it is enough to see the backing it gave last year to Cuban counter-revolutionaries. The Voice reported an event held in Miami in favor of freeing Orlando Bosh, one of the four assassins involved in the sabotage of the Cuban airliner in Barbados and broadcast the words uttered by the mayor of Miami, who said that he was not "...backing terrorism or inciting to violence, but rather, appealing for solidarity with anticommunism and Dr Bosh because his efforts are directed at the freedom of Cuba."

There has recently been a notable intensification of its obsessive anticommunism and the fallacy of its status as a "reliable and authorized source of news" was exposed once again, above all with the lies spoken by officials of the American Government and President Reagan himself with respect to the criminal invasion of Grenada, echoed in the broadcasts of the Voice of America.

The voice equals these lies with the slanderous campaigns against Nicaragua and other revolutionary processes in the area. It is part of an entire campaign aimed at psychologically preparing its listeners to accept any American military aggression in Latin America. Nicaragua and El Salvador are the targets of its pointed darts.

Over the next 6 years, the VOA wants to spend over \$1 billion on its expansion and modernization. This confirms the fact that for the American Government, its radio trilogy is a matter of importance because they are instruments for the domination of peoples and individuals in the interest of imperialist policy.

## BRIEFS

BRAZIL EXPORTS MORE ARMS--The Brazilian armaments industry will shortly begin a campaign to increase its weapons exports to certain Latin American, African and Middle Eastern countries, which are the main markets for its product. According to Gen Arnaldo Calderari, president of the Ordnance Industry (IMBEL), which controls eight military plants and arsenals and coordinates the production of the private armaments industry in the country, this campaign will be launched by a foreign trade enterprise which is being organized in Brazil with a view to increasing sales of weapons, munitions and military equipment. Gen Calderari further said that this enterprise will also negotiate the transfer of military technology and the drafting and implementation of projects for military establishments in other countries. The IMBEL was established in March of 1976 by the Brazilian government, which plans to achieve self-sufficiency in the production of weapons and war equipment in the medium time range, and to participate on the international weapons market as an exporter. Currently Brazil is exporting training and light transport planes, armored vehicles of various types, portable weapons, rockets and troop transport trucks to 32 countries in Latin America, Africa and the Middle East. The Brazilian armed forces has the support of a modern industrial complex in Sao Jose dos Campos. Specialized Engineers, Inc (ENGESA), which produces armored vehicles, AVIBRAS, which produces rockets for the army and the air force, and EMBRAER [Brazilian Aeronautics Company], which produces aircraft of various types for civilian and military use, are all located in that city. What Gen Calderari failed to mention is that all of these enterprises operate on foreign capital and technology, essentially from the FRG and Italy, and that the country serves as a pawn of the Yankee imperialists in Latin America. [Text] [Havana EL OFICIAL in Spanish Feb 84 p 64] 5157

CSO: 3248/586



## FOREIGN EXCHANGE DEFICIT REPORTED AT \$53 MILLION

Quito EL COMERCIO in Spanish 27 Apr 84 p A-8

[Text] The Central Bank's foreign exchange transactions registered a \$53 million deficit during the first 2 months of this year, up about \$45 million from the \$8 million deficit during the first 2 months of last year. This has affected the country's international monetary reserves.

Although the Central Bank posted a \$151 million surplus in foreign exchange transactions as of the close of last year, this was because it made use of \$212 million loan from the International Monetary Fund, according to bank statistics.

According to official figures, during the first 2 months of this year the Central Bank bought \$547 million and sold \$598 million, resulting in a \$51 million deficit. If to this we add net international transfers (\$4 million) and subtract unspecified other income (\$2 million), the result is a \$53 million shortfall.

The foreign exchange purchases that the Central Bank made in January and February of this year stem from earnings from exports of goods and services, which totaled \$406 million, \$136 million in foreign capital and an additional \$4 million in other unspecified categories.

A comparison of these figures and data from the same period in 1983 reveals that there was an increase of 24 percent.

With regard to foreign exchange sales during the period, the Central Bank sold \$390 million for imports of goods and services, including interest on the foreign debt; \$188 million to pay off foreign debts and capital and \$19 million for other unspecified items.

Foreign exchange sales were up 32 percent from January-February 1983 to January-February 1984, mainly due to higher dollar sales for goods and services imports.

8743

CSO: 3348/417

## CEDOC PRESIDENT DISCUSSES UNEMPLOYMENT FIGURES, OTHER ISSUES

Quito EL COMERCIO in Spanish 26 Apr 84 p A-7

[Text] About 300,000 Ecuadoreans are out of work, according to the Ecuadorean Central Organization of Classist Organizations (CEDOC).

In statements to the press, the organization's president, David Tenesaca, said that the problem is worsened by the mounting number of underemployed individuals, who today total some 1.5 million, which is equivalent to half of the economically active population.

He stated that the workers' situation is as bad as it has been in recent times due to the absence of a clear-cut labor policy, aggravated by high unemployment.

Social conditions are worse than ever, and this has had a profound impact on the country's economy. Problems are made even worse by inflation, which at one point hit 60 percent, Tenesaca said.

He added that CEDOC cannot support the policies that the government has implemented because they run counter to the workers' aspirations, and he rejected the recent statements by the minister of labor and human resources to the effect that there is social peace in Ecuador. This is not true, he stressed.

At the moment, there are about 20 labor conflicts in CEDOC alone that are jeopardizing the jobs of more than 1,000 workers. Some of these conflicts have not been settled because of the "stubbornness" and lack of understanding shown by management.

The organization asks what solution has been found for the conflicts that have arisen in the paper EL TIEMPO in this city, in the Maintenance and Custodian Company in Napo Province, in the LACMAN Company, in the Liquigas Companies in Quito and Guayaquil, in the Ports Authority of Puerto Bolivar and in other Ecuadorean companies and municipalities. The problem is made worse by the wage policy that the administration has implemented.

Studies by CEDOC and the Central University of Ecuador estimate that the minimum wage should not be less than 15,000 sucres a month right now. The cost of the family shopping basket alone is 6,000 sucres.

The basic minimum wage for a blue-collar worker is 6,600 sucres today; this is not enough to meet all his needs. We therefore feel that the government should immediately start working on a bill to raise wages to the levels that we have recommended, Tenesaca said.

In another vein, he spoke out against the sham liquidations of businesses, "the only purpose of which is to harm" the workers. He said that they were being carried out with the consent of the Superintendency of Companies, which does not exercise any control and is not working together with the Labor Ministry in reporting which companies are having troubles. The problems cannot be solved with decrees boosting wages every 6 months. They must be approached structurally in a bid to help the underprivileged masses.

8743

CSO: 3348/417

## CENTRAL BANK REPORTS ON IMF ECONOMIC STABILIZATION PROGRAM

Guayaquil EL UNIVERSO in Spanish 2 May 84 p 2

[Text] Ecuador has succeeded in meeting most of the 1983 goals of the economic stabilization program worked out by the authorities in conjunction with the International Monetary Fund.

The program contained quantitative goals for the budget deficit, Central Bank credit, international monetary reserves, the foreign debt and borrowing by the nonfinancial public sector, as well as economic policy objectives in the areas of taxes, prices, wages, the money supply, exchange rates and lending.

According to a chart drawn up by the Central Bank, the following goals were achieved in 1983:

#### Budget Deficit

The stabilization program sought to cut the public sector deficit to four percent of the gross domestic product (GDP). The deficit was down to two percent by December 1983, which means that "a substantially greater reduction has been achieved."

#### Central Bank Assets

The program called for a ceiling of 21 billion sucres in net internal Central Bank assets, but they were kept below 20 billion, which led the Central Bank to state that "they were well below the ceiling."

#### Net Borrowing

The program called for a 6 billion sucre reduction in net borrowing by the public sector, but by December 1983 it was down by 18.5 billion. The aim of tightening credit is to reduce inflationary pressures.

#### Monetary Reserves

The goal for December 1983 was to keep international monetary reserves from falling below \$110 million. As of that month, however, they

were at \$151.5 million, thus exceeding the goal by \$41.5 million. This was, of course, the result of new loans, not a rise in exports.

#### Foreign Public Debt

The goal of the program was that the external debt of the public sector or the debt guaranteed by the public sector with terms of up to 12 years should not exceed \$4.62 billion. The debt balance was held to \$4.487 billion, \$133 million below the ceiling.

#### Fiscal Policy

The program sought an increase in tax revenues. To this end, it was decided to cut subsidies for oil derivatives, to increase taxes on cigarettes, beer, spirits and other goods and to institute a selective excise tax.

In the area of spending restraints, the Economic Regulation and Public Spending Control Law was issued in 1983.

#### Pricing Policy

The objectives of the program's pricing policy were to cover the costs of the public sector's goods and services and to decontrol prices of commodities. To this end, in the former sector, light, telephone and water rates went up, and in the latter, the price of milk, fats and oils, sugar, rice, cotton and other items was raised. (This policy was not, however, extended to other goods provided by the private sector whose production costs are also rising rapidly, tires for example).

#### Wage Policy

The program authorized controlled adjustments in wage levels. Assessing the pursuit of this goal, the Central Bank contended that "the adjustments to the basic minimum wage have been compatible with monetary and fiscal policies."

#### Monetary Policy

The objective of monetary policy was to manage money and credit in such a way as to control aggregate demand and the price level. The Central Bank commented that the achievement of the quantitative goals shows that they were managed appropriately. The private sector, commercial banks included, complain, however, of the severe lack of liquidity plaguing the economy, as reflected, for example, in the close to 500 million sucre reserve shortfall in banks as of 29 February 1984.

Another goal of monetary policy was to loosen interest rate policy and to rationalize their structure. Thus, interest rates on loans and deposits were raised by 27 and 33 percent, respectively, and their structure was simplified considerably, the Central Bank said.

## Exchange Rate Policy

The stabilization program sought to loosen up the exchange rate system in 1983 so that corrections could be made in the balance of payments. Referring to the current system (minidevaluations and a multitiered exchange rate), the Central Bank remarked that it has made possible a sharp cut in the current account deficit.

## Overseas Borrowing

Finally, in the area of overseas borrowing, the goal was to achieve a debt structure more in keeping with the performance of the external sector, and the Central Bank pointed to the rescheduling of the 1983 public and private debt as an accomplishment.

8743

CSO: 3348/417

## FEBRES' ELECTION BRINGS DECREASE IN PRICE OF DOLLAR

Guayaquil EL UNIVERSO in Spanish 8 May 84 p 2

[Text] (ANE)--The dollar yesterday posted a striking decline of 5 sucres, equivalent to 500 points, in a clear indication of the confidence that Leon Febres Cordero's victory has inspired in economic circles.

The dollar dropped suddenly yesterday morning, demonstrating plainly that the country's production sectors are relieved at the triumph of the Social Christian candidate.

The dollar had closed at 94 sucres for sales to the public last Friday, after climbing to 94.5 sucres during the day in nervous trading caused by uncertainty over the election. It dropped yesterday to 89 sucres.

The money-exchange offices themselves had attributed the heavy demand for dollars to the fears that the victory of the socialist candidate had prompted in economic circles.

The upward pace quickened over the past 2 weeks as the political climate heated up and confusion arose over the outcome of the election.

## Talk of Impoundments

The socialist candidate had been linked to possible economic impoundments and to a strengthening of the government's dominant role in the economy.

Febres Cordero, in contrast, had pledged to restore investor confidence so that they would put money in the country.

The speculative demand sparked by the political uncertainty during this period ended abruptly on Monday once the election results were made public. The dollar dropped sharply to its previous level, which apparently represents a realistic exchange rate for the sucre.

## Speculation

Analysts such as Dr Rodrigo Espinosa Bermeo, the former general manager of the Central Bank, felt that when the dollar rose to an average

of 90 sucres, it had reached a realistic level vis-a-vis the Ecuadorean currency. Thus, the dollar's rise over the past 2 weeks was clearly based on speculation, inasmuch as those with capital bought dollars as an international reserve currency and held them until the results of Sunday's election were in.

Once it was learned that the candidate who had promised above all to restore confidence had won, the dollars returned to the market and the exchange rate fell.

The following were the average quotes today on the free foreign-exchange market: buy, 88 sucres; sell, 89 sucres.

8743

CSO: 3348/418



## BUSINESSMEN ON NEED FOR NEW ECONOMIC MEASURES, OTHER ISSUES

Quito EL COMERCIO in Spanish 9 Apr 84 p A-1

[Text] The country's Production Chambers contend that by restoring confidence the new administration will be able to bring back Ecuadorean capital and boost foreign investment to stimulate output for the benefit of all sectors.

Speaking through their top-level leaders, the Chambers of Commerce, Business and Small Industrialists said that they would ask the new administration to make good on its offers and would call for reorganizational efforts to strengthen the economy.

The president of the Quito Chamber of Commerce, Manuel Malo, said that he hoped the new administration would make good on its offers and that he would call for an overhaul of the country's tariff structure, which is badly hurting the Treasury.

He mentioned that smuggling is one of our main problems and that the easiest way to prevent illicit trade is by applying the tax laws and tariffs that are there to bolster legal commerce. Smuggling is deeply rooted in the country, for which reason an administrative ethics campaign is needed, he remarked.

He said that he was pleased with the new government's plan to lure foreign capital to create jobs and boost output. The additional capital will also lead to more price competition, he said, which will dampen speculation and high interest rates.

He went on to say that the new policies would help the workers the most inasmuch as new jobs would be created.

He also asserted that releasing imports from impoundment is one of the most effective ways to encourage exports, which are now in a slump. There is also an urgent need to revitalize agroindustry so as to launch new products on foreign markets. The ultimate objective, he concluded, is to lift the country up from its current economic prostration.

The president of the Chamber of Small Business of Pichincha, Carlos Ribadeneira, said for his part that he was confident that the economic problems plaguing the country would be resolved. What we need to do now, he underscored, is to consolidate confidence and social peace.

The nation's 8,000 or so small businesses, which employ 60 percent of the country's work force, feel that it is important for the new government to bolster credit through institutions such as the National Development Bank, which has good rapport with the sector. To this end, the bank should be strengthened financially, Ribadeneira added.

He also said that the existing laws to promote small business are obsolete, dating from 1925, and ought to be revised. Legislation must keep pace with the times.

According to Ribadeneira, small businessmen are also fighting for special arrangements to lengthen time on the job and to thus boost output, which would benefit the workers in the form of higher pay. We will also ask for suitable tariff protection, he concluded, because small business is the most dynamic sector in the Ecuadorean economy since it employs a high percentage of the work force and creates jobs.

The president of the Chamber of Industrialists, Pedro Kohn, stated that in keeping with its unwavering policy of putting forth pragmatic, consistent ideas to solve the nation's major problems, his sector hopes that the new administration will heed its views so that we can build a better Ecuador for all.

Only with a genuinely improving economy and with faith in the future will we be able to achieve the well-being that "we desire for the people." Our basic goals, among others, must be to instill confidence in investors, to give incentives to farmers and to give the working class security and confidence, he observed.

8743

CSO: 3348/418

## BALANCE OF TRADE SURPLUS DECREASES BY \$30 MILLION

Quito EL COMERCIO in Spanish 26 Apr 84 p A-1

[Text] While exports dropped 5.7 percent, imports were up 20.7 percent during the first quarter of this year from the same period in 1983. This development cut into the country's trade surplus.

According to Central Bank statistics, Ecuador exported \$535 million worth of goods from January to March of this year, compared to \$565.5 million during the same quarter last year, a falloff of \$30.5 million.

Meanwhile, first-quarter imports rose from \$314.9 million in 1983 to \$379.8 million this year, an increase of \$64.9 million.

These opposing trends have drastically cut into the country's trade surplus. During the first quarter of 1983 the trade balance posted a surplus of \$250.5 million, whereas the surplus fell to \$155.2 million during the first 3 months of this year.

The drop in exports is due to lower sales of crude oil on foreign markets. They totaled \$354.9 million during the first 3 months of this year, compared to \$366.5 million in 1983.

Exports of bananas were also down during the first quarter of the year, dropping 41.9 percent from \$42.3 million in 1983 to \$29.8 million in 1984's first trimester.

Exports of shrimp were down 46.2 percent, falling from \$38.9 million in the first quarter of 1983 to \$26.6 million during the same period this year. Fish exports were down 60 percent, and lumber exports were off 11.7 percent.

Exports of a few commodities were up, however, among them cacao, which posted a 94.9 percent rise from \$5.9 million in overseas sales over the first 3 months of 1983 to \$11.5 million during the first quarter of this year.

Exports of manufactured goods were up for the first time in quite a while, but only one percent.

Official estimates put the trade surplus this year at around \$838 million, down from the \$957 million surplus with which 1983 closed.

## INTERIM GOVERNMENT OFFICIAL STRESSES RIGHTS OF WORKERS

Port-of-Spain TRINIDAD GUARDIAN in English 7 May 84 p 16

[Text]

ST GEORGE'S, Sun., (Cana):

DR PATRICK EMMANUEL, the Grenada Interim Government member responsible for labour, has told employers here they must respect the rights of workers to belong to trade unions, warning that if they fail to do so, the relevant laws will be enforced.

Addressing Labour Day celebrations here Dr Emmanuel said that as a result of last October's bloody political upheaval that caused widespread disruption in the country, it appeared some employers feel trade unionism is dead here.

He spoke of some trade union leaders complaining of not being able to meet with the management of some companies to discuss and conclude pay agreements.

Dr Emmanuel said that as far as the Interim Government was concerned, there were laws in the country which must be respected pertaining to the "democratic rights" of workers to form trade unions for their protection and the advancement of their own economic circumstances.

"These laws are going to be enforced. They are going to be enforced, of course, humanely, in so far as people are willing to be humane in response to entreaties to recognise unions and to recognise legitimate claims for bargaining and for represen-

tation," the advisory council member said.

He added: "I think it is pointless and absurd if we allow ourselves to retreat into a situation in which there is a certain anarchy in the industrial relations climate which would be of no use to the working community."

Dr Emmanuel spoke of the need for a good industrial relations climate in Grenada because of the government's efforts to create conditions for both public and private sector investment opportunities.

## PRIVATE INVESTMENT

He said: "We are looking forward to the provision of public and private investment that would improve the social services that are being provided, as well as inducements for private investment especially in the areas of tourism and manufacturing."

"One should be sensible enough to recognise that the democratic rights of the workers to form and constitute themselves into any union that they have chosen...is always a fundamental plank of freedom and democratic development."

"It is the purpose and intention of this interim administration to make sure that these rights are not eroded," Dr Emmanuel added.

CSO: 3298/815

## EDITOR PIERRE COMMENTS ON ELECTIONS, U.S. PRESENCE

Kingston THE SUNDAY GLEANER in English 22 Apr 84 pp 9, 15

[Interview by Margaret Morris with Leslie Pierre, date, place not given]

[Text]

**L**eslie Pierre, editor and publisher of the **Grenadian Voice** maintains that the majority of people in Grenada do not want elections at this time and that the interim government and its advisors have "missed the bus very badly" in pushing for early elections. In an interview with the **Gleaner** the soft-spoken but outspoken ex-detainee gave his perceptions of the current situation in Grenada.

**Gleaner: Why is the interim government pressing for elections then?**

Pierre: This is something I mean to say to your Prime Minister if I get the opportunity: I think that they (the interested Caribbean governments) have been helping to push the elections. They are looking at the Dominican experience when an interim government attempted to perpetuate itself... but the situation is not like the Dominican situation.

Among the reasons for trying to push ahead with elections is this anxiety of those who intervened — intervened rather — to prove that what they were really about was establishing democracy. They want to be able to hold it up and say "This is what we attempted to achieve and here is the result — Democracy in Grenada at last — but this could be self defeating unless the (Grenadian) people get serious. Another problem is that some of the members of the interim administration may want to get back to their jobs ..."

Early elections are scheduled, he emphasized "because of the urging of regional governments — those that helped with the Intervention, and I expect, the U.S.... we are coming out of a terrible system so I can see them as having a focus on

getting democracy on its feet again and this can best be exemplified in their minds by having elections. But I think they have missed the bus very badly, what they needed was to have a referendum, have a constitutional Commission and put Grenada's house in order in an ideal way which very few countries have ever had the opportunity of doing.

"As I have said in an editorial, you cannot say that something that is patently illegal in international law — that's the intervention — has been endorsed by the people and therefore it is right. Which is what they've said, 'The people applaud it, welcomed it, so that makes it right' — and then IGNORE the same people who are saying very very clearly that we are not ready for elections."

The (Grenadian) Constitution, Pierre continued, "has not operated ever since it was introduced for independence, in that Gairy played fast and loose with it, then Bishop threw it out the window... even the Interim Council not operating the Constitution properly yet they use it as an excuse for not having a referendum.

**Peacekeeping Forces**

**Gleaner: How do the people view the Peacekeeping Forces?**

Pierre: It is human nature to find things to squabble about and complain about. Uniformed

men are accustomed to a rough way of life and may make a mistake, act a little too strongly, or do something that is excused in another human being but because its a fellow in uniform, a foreigner, some will take umbrage and magnify it - I don't know of many cases where any of the troops have done something worthy of criticism, not enough to say they should not be there - the majority of people in Grenada are happy to have them there, in fact the desire of a fair number of people in Grenada is that America should have a permanent military presence there.

**Gleaner:** A base?

**Pierre:** Yes.. Like me, I don't necessarily want a permanent American military presence there. I just want to know that America is available to defend us in case of need, because I don't put it past the surviving element of the New Jewel Movement, encouraged, supported, financed, and equipped by Castro and the people for whom he is surrogate to try to eliminate this, the first reversal, the first real reversal they have had anywhere in the world.

## Lot of arms

**Gleaner:** How long should they be there?

**Pierre:** As long as necessary.. and I think that could be a long time because I believe there are lots of arms still that have not come to light.

**Gleaner:** How many (foreign security personnel) are there now?

**Pierre:** Three hundred and fifty U.S. military police and 350 from the Commonwealth Peace Keeping force.

**Gleaner:** And the majority of the people want them there?

**Pierre:** Oh yes, Oh Yes.

**Gleaner:** The majority think the intervention was a good thing?

**Pierre:** Oh, overwhelming. Yes.

**Gleaner:** What's the feeling towards, Jamaica, Barbados, Eugenia Charles?

**Pierre:** A lot of love, and warmth and gratitude.

## Resentment for Trinidad, Guyana

**Gleaner:** What about Trinidad and Guyana?

**Pierre:** A fair amount of resentment towards Trinidad, not against Trinidadians (because scratch a Trinidadian and you find a Grenadian underneath) but against the Trinidad government as focussed through George Chambers himself.

**Gleaner:** And Guyana?

**Pierre:** We've never been very close with Guyana, people are aware, and we have carried the fact in our paper that some of the chaps that took part in the 13th of March coup in 79 were trained in Guyana.

**Gleaner:** What effect will the Grenada invasion have on Caricom?

**Pierre:** I have the feeling that somehow this action has made a stronger bond between some of the states, possibly all that is required to bring in those still on the outside is a change of government in Trinidad and Guyana... I don't think anyone wants Burnham really. I personally would be happy to leave him to his Continental destiny that he's talked about so much.

## Pro-Bishop Movement

**Gleaner:** How strong is the pro-Bishop movement now? What are they doing? Do they have any charismatic person to build around?

**Pierre:** No. Neither Louison nor Radix nor Ramdanny has the acceptance among the people. That is why they are trying to ride on Bishop's memory.

**Gleaner:** So its a weak rump left of the NJM?

**Pierre:** As far as carrying on something that is organized, yes, but so far as there being some reverence for the memory of Maurice Bishop, I think this is very real amongst a lot of young people and even among older people. A lot of people who didn't support what he was doing admired the man Maurice Bishop and gave him tacit support and shut their minds to the fact that he had people in detention..etc...

**Gleaner:** What was his hold over them?

**Pierre:** He was a personable fellow and he speaks well. Even Gairy, people continued to be loyal to Gairy long after he stopped doing anything to help them. I'm talking about the masses, because they are basically a grateful people. Remember, Bishop and his group were responsible for a lot of what they attributed to Gairy (but) because of the kind of image (they) created of Gairy, Dr Satan they used to call him, people see Maurice Bishop as having saved them from Gairy and so played down his faults. He had some very attractive schemes...when you talk about village councils and everybody having the opportunity to express their views, beautiful idea, if it was really practised that way. But what was happening, you go to a Village Council and you don't dare speak against the government, the government representative speaks most of the time and allows five minutes for questions.

## Detention

**Gleaner:** When Bishop started out, people like Alistair Hughes were supportive of him, what about you?

**Pierre:** No never. I had always seen Bishop as a Communist and his New Jewel Movement as a Communist organization. I kept telling people including Alistair 'this is very bad for Grenada' and they kept saying 'no these guys mean well, they'll do a good job'. My fellow Rotarians, I just kept saying to them, 'one day I'll be able to say I

told you so'.

**Gleaner:** Do you think that Bishop was too soft?

Pierre: In what way?

**Gleaner:** Instead of putting you all in detention he could have put you up against a wall and shot you..do you think he may have failed because he was not prepared to be absolutely brutal?

Pierre: I think he was brutal enough, all that torture..

**Gleaner:** But it wasn't much in comparison to other places?

Pierre: This is where Bishop was showing a lot more sense than Bernard Coard. Coard, at the urging of the Russians perhaps, wanted to go the whole hog into Communism at a much faster pace than Bishop. I have no doubt that Bishop was going in the same direction, its just that his pace was slower. And in the same way that when Bishop was removed from circulation some 25,000 people, including school children, despite the presence of arms, stormed the gates at Bishop's home without even a cudgel in their hand to demand Bishop's release, in the same way, if he had started to do anything like that (extreme communism) earlier he'd have had a lot more to contend with in Grenada .. and people outside would have been ready to take a hand earlier..

**Gleaner:** He was playing for time?

Pierre: Of course he was playing for time and being very clever. He had several of these governments believing that he was turning Right, and this was played up by Coard as justification to overthrow him. It was the typical internal struggle of a Communist regime..classic almost.

## Elections

**Gleaner:** Do the people wish elections?

Pierre: The majority of people do not wish elections at this time. They have had so much disillusionment from politicians over the years. Gairy was one thing. Bishop with all his glowing promises was yet another.. especially since they (the Grenadians) were prevented from having any independent thought over the last two years, they are not geared (for

elections) and no political party is properly organized as of this moment.

**Gleaner:** How many parties are there?

Pierre: Well if we talk about groups who are talking about getting involved in the elections there are probably about 6 of them (but) the movement now is towards some form of unity for the elections.. a national team (Anti-NJM and anti-Gairy) drawn from different political parties.

**Gleaner:** What about the NJM?

Pierre: They have not indicated that they will contest. I imagine this will depend on the reaction they get from the people, but efforts to have public meetings have been very badly received so far, they have been pelted with stones.

**Gleaner:** And Gairy?

Pierre: He still has a following (but) provided there is unity and not too much splitting of votes I don't see Gairy as having a chance. Whatever solid support he may have, may be enough to push him first past the post if there are many opponents and parties.

Pierre, who describes himself as a "journalist by force of circumstance" told the **Gleaner** that his reason for starting the **Grenadian Voice** was to prove to Grenada and the outside world that the Bishop regime had no intention of tolerating a free press. This was proved without a doubt when the security forces swooped on his office after midnight when he had just finished printing the second edition. He and three **Voice** colleagues were detained for over 2 years — until the American rescue mission.

**Gleaner:** Were you tortured?

Pierre: Not physically — all of us were psychologically and mentally tortured, deprived of visits, reading material, writing material, confined to our cells 24 hours a day.

He emerged from detention on October 26th 1983 and the third issue of the **Voice** was published just three weeks later, thanks to encouragement and practical assistance from fellow newspaper publishers, notably Ken Gordon of the **Trinidad Express**, Harold Hoyt of the **Barbados Nation**, and Oliver Clarke of the **Gleaner**.

## Newspaper

**Gleaner:** Can Grenada support a newspaper?

Pierre: If properly run, and if there's not too much competition I think so.

He outlined some of his current production difficulties, especially the fact that the paper has to be printed in Trinidad and "getting the negatives to Trinidad and getting the newspapers out of Trinidad is fraught with problems." The American Newspaper Publishers Association through George Beebe of the World Press Freedom Committee has given the Voice a press, and Pierre's immediate priority is to find a home for it and start printing the paper locally.

Currently he has to use the facilities of the former "Free West Indian" to prepare the page negatives and because many of the staff have an ideological commitment to the Bishop regime he fears, and suspects, an element of sabotage. Getting "properly operational" without delay is particularly important he said because of the upcoming elections. Before these materialize he hopes to go from a weekly edition to at least five papers a week.

Pierre: Although the people don't want elections I think with the political parties starting to get into the field people are beginning to respond and my hope is that by time we do get around to elections people will be sufficiently awakened, and we will make whatever effort we can in our columns to encourage them to participate in the political process.

**Gleaner: Will you come out in support of the coalition then?**

Pierre: If there is one united coalition I think I would be prepared to support it, but not a political party, I wouldn't promote any of them in the paper.



## GEEST SEES BANANA DECLINE BUT CONTINUES SHIPMENTS

Port-of-Spain TRINIDAD GUARDIAN in English 27 Apr 84 p 4

[Text]

ST. GEORGE'S, Thurs.,  
(Cana):

NEGLECT of agricultural plantations here has contributed significantly to a decline in Grenada's banana industry, according to Leonard Van Geest, chairman and managing director of Geest Industries Limited, the British firm which markets Caribbean fruit in the United Kingdom.

"Over the last year," Van Geest said, "only 869 tons of fertiliser were used on Grenada's 2,800 acres of bananas when some 2,500 tons should have been applied."

The Geest executive said he could not pinpoint the reasons for this neglect, but felt that a lack of confidence in the industry may have prompted banana farmers not to invest their money in inputs like fertiliser.

"If you take any grower anywhere," he said, "and he has a lack of confidence in his future, where his land lies and whether he owns his land, the last thing he is going to do is look after his land and his

crop."

Van Geest said he had had discussions with Arnold Cruikshank, the member of the Interim Government who is responsible for agriculture. Van Geest said he is satisfied that adequate steps are being taken by the government to put the industry back on its feet.

The Geest representative said Cruikshank had told him that the members of the Banana Growers' Association are being appointed and that the body would work out detailed long and short-term plans to develop the industry.

Van Geest said that, in continuing to send ships to Grenada to load bananas, his company was playing its part in helping the situation because, with the low level of banana tonnage Grenada now produces, the operation of ships to Grenada is not economical.

"But we are keeping outside of the contract," he said, "and it is our way of showing our confidence in the future of the industry."

## BRIEFS

ACTING ATTORNEY GENERAL--ST. GEORGE'S, Tues., (Cana)--GRENADA has appointed the veteran Guyana-born lawyer Edwin Heyliger to act as Attorney-General with effect from March 30, according to the latest edition of the official "Gazette." Heyliger who resigned his previous post as Director of Public Prosecutions, last month, is replacing Grenadian attorney Denis Lambert who was acting in the post since December, when British Queen's Counsel Anthony Rushford quit citing differences with the Governor General Sir Paul Scoon. The new acting Director of Public Prosecutions here is the Jamaican attorney Vilma Hylton. Hylton is leading the five-man prosecution team in the murder trial of 20 of the country's former political and military officials arising out of the army slaying of Prime Minister Maurice Bishop and seven others in last October's military coup. According to the "Gazette" Chief Justice Archibald Nedd, whose five year term ended in March, has been asked and has agreed to continue in the office until the end of the year. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 2 May 84 p 14]

PROBE OF MEDIA COVERAGE--KINGSTON, Wed., (Cana)--HOW Caribbean journalists and their counterparts from Europe and North America covered last October's political crisis in Grenada is coming under scrutiny, in a comparative study being sponsored by the Press Association of Jamaica (PAJ) and Radio Jamaica (RJR). The study is being co-ordinated by University of the West Indies (UWI) media researcher, Dr. Marlene Cuthbert, who is being assisted by other communications researchers from the Catholic Univeristy in Leuven, Belgium, the University of Windsor in Ontario and the University of Florida in Gainesville. According to the PAJ, the study is being carried out at three levels: a local aspect, comparing print and broadcast aspects; regionally, comparing the coverage by dailies in Jamaica, Barbados and Trinidad and Tobago and internationally, comparing the reporting by papers in the region and those of North America. The Grenada crisis was precipitated by a power struggle within the New Jewel Movement (NJM) culminating in a US-led invasion to topple a left-wing military junta that had seized power last October 19, killing Prime Minister Maurice Bishop and three Cabinet colleagues. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 3 May 84 p 5]

GAIRY SUPPORTERS' PROTEST--ST GEORGE'S, May 3, (CANA) About 50 supporters of former Prime Minister Sir Eric Gairy's Grenada United Labour Party (GULP) yesterday picketed the office of the government-owned West Indian Publishing Company here, demanding the return of GULP printing equipment they said was seized by the former left-wing administration. The GULP supporters comprising mainly elderly people, said the party's equipment was inside the Government Publishing House, and accused the interim regime of condoning the use of the machinery by "opponents" After the 1979 ouster of Gairy by the Maurice Bishop-led New Jewel Movement (NJM), properties belonging to the ex-Prime Minister and some of his colleagues were confiscated by the Peoples Revolutionary Government. The Government Publishing House is now used by two weekly newspapers here, the Grenadian Voice, edited by Leslie Pierre, and Crucial Times edited by Muslim Keith Aird. "The members of our party, who are very peaceful and law abiding, are being provoked by this unjust action. We are demanding the return of our printing equipment for our own use now", said one of the several leaflets distributed during the picket. [Text] [Kingston THE DAILY GLEANER in English 4 May 84 p 7]

CSO: 3298/815

## PRIVATE SECTOR GROUP ADOPTS NEW, LEADING ECONOMIC ROLE

Kingston THE DAILY GLEANER in English 3 May 84 pp 1, 3

[Text] A NEW-LOOK Private Sector Organisation of Jamaica, with high-powered, top-level executives, has been formed, as the PSOJ prepares itself to take over the role of the private sector being the front engine of growth in the economy, and to make an impact on national life.

Announcement of the re-structuring of the PSOJ was made by the president, Mr. Sam Mahfood, at a news conference at the Jamaica Pegasus Hotel yesterday.

During a question period, Mr. Mahfood dismissed a suggestion that the PSOJ was setting itself up as a "shadow Cabinet."

During a question period, Mr. Mahfood dismissed a suggestion that the PSOJ was setting itself up as a "shadow Cabinet."

Mr. Mahfood said the PSOJ's thinking was that the Government should get rid of some of its interests, and "free-up" the private sector which would do better.

He said that at this time they were "talking good" with the Ministries. There was now a rapport with Government and the PSOJ was supportive of the Government, as it was the elected choice of the people. However, if the PSOJ did not agree with anything that the Government did, they would be saying so.

Mr. Mahfood said the Board of Directors of the PSOJ had been expanded by co-opting new members so as to place the organisation in the position where it could have impact on several areas of national life.

The thinking behind the restructuring was that it would place the PSOJ in a position to play a leadership role that would enable the private sector to be the engine of growth in the economy.

The new board of the PSOJ, elected this year, as one of its first tasks, co-opted several persons with expertise in a number of areas.

Those co-opted were Dr. Marshall Hall, Mr. Brian Young, Mr. Bruce Rickards, Mrs. Avis Henriques, Mr. Vayden Morris, Mr. Tonny Kelly, Mr. Gerry Dudley, Mr. Peter J. Thwaites, Mr. Adolph Brown, Mr. Lanny Reynolds, Mrs. Daisy Coke, and Mrs. Beth Jacobs.

Under the new structure, the President is responsible for information, public relations, unity and consensus and international affairs.

Dr. Hall is the sector director in this area.

Mr. Roy Collister, a Vice-President, is in charge of Finance and Planning, Divestment and Government Ownership, and the promotion of local and foreign investment.

The sector directors are Mr. Young, Mr. Oliver Clarke (a director) and Mr. Gordon A. (Butch) Stewart.

Mr. Mike Fennell, a Vice-President, is in charge of Industry, Commerce, Foreign Trade and Consumer Affairs, with Mr. Bruce Rickards, Mr. Geoffrey Messado and Mrs. Avis Henriques, as sector directors.

The Secretary of the PSOJ, Dr. David Wildish, has responsibility for Agriculture, Construction and Housing, Public Utilities and Transport, Energy, Technology and Mining.

Sector directors in these areas are Mr. Maurice Facey, Mr. Vayden McMorris, Mr. Tony Kelly, Mr. Winston Mahfood, and Mr. Gerry Dudley.

Another Vice-President, Mr. Godfrey Dyer, has responsibility for Social Affairs, including Health, Population Control and Environment, Education, Youth, Sports, Community Development, Legal and Constitutional Affairs, Crime, Security and Tourism.

The sector directors are Mr. Peter J. Thwaites, Mr. Adolph Brown, Mr. G. Louis Byles and Mr. G. A. (Butch) Stewart.

The Treasurer of the organisation, Mr. Ronald Sasso, has responsibility for technical member services.

For Leadership Development, internal finance and new members, Mr. Lanny Reynolds and the Hon. S. Carlton Alexander are sector directors.

The Board of the Organisation and the committees which are to be formed will inform the public about matters which affect their areas of sectoral responsibility, will work with Government, make recommendations to Government as well as monitor Government's performance in each area.

They will conduct research and carry out studies and, in those areas where they can, promote investment and job-creation.

The staff of the PSOJ is to be strengthened to provide assistance for the new structure, with an Economic Affairs Unit forming a major part of the Secretariat.

## EXCHANGE AUCTION OPENED TO IMPORTERS SEEKING CREDIT FUNDS

Kingston THE DAILY GLEANER in English 5 May 84 pp 1, 3

[Text] With effect from Tuesday May 8, bids for resources to open letters of credit in respect to new imports will have access to the exchange auction, according to a Bank of Jamaica statement released yesterday.

The release specified however, that the bids which will be subject to certain conditions, will be confined to commercial banks and must be backed 100% by the Jamaican dollar equivalent to the value of the bids.

The BOJ decision to allow open letters of credit in respect of new imports access to the auction has been welcomed by a spokesman for the private sector, but does not go far enough, he told the Gleaner last night. The business community in order to keep face with their suppliers would wish open account credit to be allowed access to the auction.

This echoes complaints made by members of the Gleaner's Brains Trust panel yesterday at their first meeting for this year.

The panel had suggested that preclusion of the open letters of credit account from the auction was creating a fictitious rate because of a lack of demand due to the fact that they could not be put in the auction. Members of the Brains Trust said that the open account credit was more valuable to them than a letter of credit since it enabled Jamaican importers and manufacturers to pay for raw materials after they had received them.

The Trust said that open account credit that arrived before February 1 and did not become due until after May 31 were the bone of contention and should be treated with priority. By precluding them from the auction and since it was illegal to purchase foreign exchange on the black market the private sector was being placed in a situation where they were not able to service the original debts to their supporters and therefore could not get new open account credit.

The BOJ statement that the bids which will be confined to the commercial banks will be subject to the following conditions: (1) "Commercial banks must base their bids on actual applications made to them by their customers. The banks' bids must be backed 100% by the Jamaica dollar equivalent of the value of

the bids which must be deposited with the BOJ and a copy of the deposit advice attached to the bid.

(2) "Within 15 days of securing funds from the auction the commercial banks must open letters of credit for at least the amount of exchange secured from the auction. Letters of credit opened under this scheme must not have an expiry date of more than 90 days and the related goods must be shipped during that period, unless approval for a longer period or an extension of the original expiry date is given by the Exchange Control Department of the BOJ."

Importers and other interested parties may contact their commercial banks for further details, the BOJ statement ended.

CSO: 3298/816

## SUPPORTER OF DEVALUATION SAYS MEASURE HAS GONE FAR ENOUGH

Kingston THE DAILY GLEANER in English 2 May 84 p 8

[Article by Fitzroy Fraser]

[Text] Over the last 16 months or so, our currency has been officially devalued by about 150 per cent against the U.S. dollar, which is used as the international benchmark. At the same time, the devaluation in the street market is approximately 175 per cent.

The technical arguments in favour of a substantial devaluation of our currency have been pretty strong for about a decade. In short, these arguments turned essentially on the inadequate foreign exchange backing for the Jamaican dollar, as well as insufficient gold cover and exports.

The drive for increased exports following the 1980 general elections has, ironically, been used as a further argument in support of such a devaluation. Additionally, devaluation, but driving up the price of imports, was a useful tool to stem the tide of consumerism which started at about the same time.

In point of fact, however, consumerist attitudes and life-styles remain as firmly entrenched in our national mores now as they were 16 months ago. But this merely confirms the paradox observed in most societies, whereby higher prices tend to cause increased desire for goods--until the point is reached where the would-be consumer just cannot pay for them at all. In our own situation as a nation, this point has not yet been reached--except in terms of certain items of food, for instance, as well as with regard to personal transportation and home-owning, but, given the new wave of price increases in, for example, cement (even if cement per se accounts now for merely eight per cent of building costs), that point cannot be all that far away.

Indeed, further price hikes cannot be ruled out over the next month or so. The upcoming budget should, therefore, be revealing.

But what this really means is that, in itself, the massive devaluation has not been successful on this score. This is hardly surprising, though, because it has been used as a scalpel. Firstly, it was delayed too long. Then, when it was applied, it came in successive doses. The intention was clearly to limit the negative political fall-out, acting somewhat on the Nicodemus-like principle of coming 'like a thief in the night'.



## No Significant Increase

Given the seriousness of the situation, however, what was needed was the sledgehammer effect of a single and massive devaluation at the very outset, in order to have the needed psychological impact on the many devotees of consumerism in our society. In addition, such a measure would also have made a substantial contribution to wiping out the 'street' market in foreign exchange.

In the event, however, that market is still with us. Additionally, there has been no significant increase in this country's exports, in terms of value--largely because most export-oriented enterprises have been working substantially below capacity. A further difficulty of the catch-22 variety is that the majority of our exporters have been having to pay so much more for their imported inputs owing to the devaluation, that their export performance is correspondingly affected.

Available figures do not reveal a meaningful increase in the official foreign exchange inflows, as a result of the successive bouts of devaluation to which our currency has been subjected, this devaluation has brought about a heavy increase in the cost of living--without any corresponding increase in wages, salaries or other income. Indeed, some people can hardly afford to buy even chicken feet (and I do not mean legs, of course), with which to cook soup.

## Clearly No Point

In the circumstances, there is clearly no point in continuing the devaluation of our currency by means of Ministerial Parity Orders every other week or so. They certainly won't put cooking salt in the shops.

The feeling among many players in the foreign exchange market here is that the small and on-going devaluation is part of an IMF-inspired policy to bring the official exchange rate to J\$4.20/50 equals U.S. \$1.00, together with the cutback in the fiscal deficit, as a means of getting the IMF Stand-By Facility of U.S. \$180 million.

But this type of crawling peg devaluation tends to create its own momentum for a continued fall in the exchange rate. In the circumstances, it will not be easy to stop. More damning, it saps confidence in our currency by our own people--and, indeed, in our very future as a nation. Small wonder, then, that some have been bleating about having the U.S. dollar as our national currency!

As one of those who started the debate for devaluing our currency, this writer is convinced that the devaluation has now gone far enough. The social costs have become almost unbearable, largely because of the way the exercise was carried out. A single devaluation at any point in time up to, say, April, 1983, would probably have brought about an exchange rate of J\$2.70, plus or minus J\$0.20 to U.S.\$1.00. In such a situation, a tin of corned beef would hardly be costing almost J\$6.90, now. More importantly, export earnings

would probably have been maximized--even though the voluntary repatriation of the sums thus earned would still have been a problem, however minor.

The way things are now, this country is getting well-nigh the worst of all worlds--in the social, monetary and political areas. It is, therefore, time to stop the on-going devaluation, if only to assess and reconsider the strategy and tactics of the current exercise. In short, enough is enough!

CSO: 3298/816

CARL STONE BLASTS IMF FOR IMPACT OF ITS POLICIES ON POOR

Kingston THE DAILY GLEANER in English 7 May 84 p 8

[Article by Carl Stone: "An End to Silence"]

[Text] There is no subject that is weighing more heavily on people's minds than the all-absorbing issue of the cost of living.

For most of the period between 1950 and 1970, two out of every three Jamaican families experienced a significant improvement in their living standards. One out of every three experienced a dramatic change that brought them into the consumption of a large number of the creature comforts of modern living over that period.

Since the 1970's, all of this has been reversed. For eight out of every 10 Jamaican families, their living standards have been steadily falling. Wages and most salaries have failed to keep pace with the cost of living. Consumer goods and services that were taken for granted are rapidly being priced out of reach of most Jamaican families.

Some of the better-paid members of the working-class now have to seek credit-union loans to pay their electricity bills. Yet another 10-12% increase in the cost of electricity is again due to be added to the massive 40% increase earlier in the year as the value of our currency continues to decline.

Many who now own consumer durable are not going to be able to replace them when they are no longer serviceable, as they will not be able to afford the price of refrigerators, stereos etc. Already one notes a dramatic decline in the condition of furniture in middle-class homes where shabby, broken-down living-room furniture has replaced what used to be both neat and elegant.

Motor cars are now being priced at a level that only the very rich and those who work for companies who provide cars will be driving when most of the present stock of motor vehicles come off the roads.

Our of Reach

Not even middle-income persons can afford to buy a house these days, as the cost of servicing mortgages far exceeds their gross income. The annual interest

charges on the typical middle-income residence bought today is about equivalent to the total purchase price one would have paid for that house seven years ago if one could have found \$30,000 or \$40,000 in cash at that time.

When I was growing up in 1940's and 1950's, three generations lived under the same roof in many middle-class households. That situation changed in the late 1950's and the 1960's as most young persons entering the middle-income job market could afford to move out of their parents' homes. Today, the trend is moving back to the 1940's, in that housing price has moved considerably beyond the reach of young people in middle-income jobs. Housing costs are going to re-introduce the three generation-household or extended family.

Among the poorer classes, many can't find the money to buy food, clothe their children, buy school-books or to afford to buy drugs or pay the cost of transportation. Indeed, some workers are now walking long distances to and from work because they simply cannot afford the cost of the minibus. Whether they will be able to replace the worn-out shoes is quite another matter.

Each time the value of our dollar falls, the cost of living rises and economic hardships multiply right across the social system.

To survive, people have gone into all forms of hustling and buying and selling. The trade unions have stiffened their demands at the bargaining table as they attempt in vain to catch up with the galloping cost of living.

Some of this reduction in living standards was unavoidable and necessary to stabilise the economy.

The country has remained free of protest violence, riots, turmoil and unrest of the sort that has plagued so many countries which have not had to deal with the prolonged decline in living standards which have been our lot under both Manley in the 70's and Seaga in the 80's.

Wage-workers have been putting the pressure on employers to try to recover lost purchasing power by militant bargaining through the industrial relations system. Indeed increased collective bargaining strife and turmoil has been the shock absorber for what might otherwise have spilled over into protest violence in the streets. Instead of food riots and looting, we have an intensification of industrial unrest.

Additionally, the intensive political mobilisation of the 1970's has dissipated the people's energies and appetites for political activism and there is a reluctance to get involved in this kind of politics. The people want peace and quiet and stability.

Yet there remains a core of political activists that the PNP could put on the street to foment disorder but to date that party has chosen not to do that.

Political stability is a good thing and most of us don't wish to see any rash of street violence and political turmoil.

## Savage Effect

But there is one thing that worried me in all this. Those who are devising our financial policies in the offices of the IMF seem to be losing sight of the savage effect of the constant devaluations on the purchasing power of the Jamaican working-class.

The need to find an acceptable balance between a rate of exchange that permits people to survive and one that permits people to survive and one that permits our exporters to be competitive is not guiding these financial policies.

The government itself admits that the exports coming out of this country are now very price-competitive due to the devaluations already carried out. If this is so, why is the currency being constantly devalued to satisfy the monetarist theoretical fads of the IMF technocrats even after our exports are now said to be price-competitive?

Have these IMF people been lulled into the false feeling that the Jamaican people can bear even further slashing of their living standards because we have borne these hardships in silence and without protest?

The time has certainly come to our mass organisations, and particularly our trade unions, to begin to voice strong protest with a show of collective working-class against the continued erosion of working-class living standards beyond what is necessary to make our exports price-competitive.

The silence in the country is not exactly helping the JLP. In its dealings with the IMF technocrats. Indeed, a solid round of broadly-based mass protests encompassing JLP, PNP, WPJ, BITU, NWU and other mass organisations is precisely what the Government needs to strengthen its hand in dealing with these IMF theoreticians who are locked into their monetarist theories.

## No Rationale

While one does not wish to see violence looting or general turmoil as has happened in other countries, the silence and resignation of our people in the face of enormous hardships is facilitating monetarist policy excesses of a sort that many other countries would not tolerate.

It's a pity that political tribalism in both the party and union fronts make it impossible or unlikely that bi-partisan disciplined and peaceful protest marches can be mounted to articulate the hardships of our people.

I cannot see any valid economic rationale to keep devaluing our currency below levels that give our exporters competitive prices to facilitate penetration of external markets.

The IMF boys, of course, are out to slash the excess consumption of luxuries. But the big spenders and big earners are not the people who are most affected by these drastic reductions in purchasing power. They will continue driving the BMW's long after the Jamaican dollar gets down to 20 cents U.S. But will the working-class be able to live and will the bulk of those who are classified as middle-class survive?

How do these jokers in the IMF expect the country to motivate people to produce when they can't buy food, pay electricity bills, pay their rent, buy clothes and school-books for their children, or even afford to drink a few beers?

How can any company motivate a middle-manager who spends most of his or her time pre-occupied with paying debts, dodging bill collectors and wondering how the money for next month's rent or mortgage is going to be found?

When all of this is compounded by a punitive, prohibitive and viciously exorbitant rate of personal taxation of wage and salary earners, how are any of us going to be motivated to produce so as to give the country a chance to emerge out of the present economic mess?

The silence has gone on far too long. It's time to hear some peaceful protest that is loud and clear.

CSO: 3298/816

## GLENER SEES NEED FOR CARICOM LEADERS TO RESOLVE ISSUES

Kingston THE DAILY GLEANER in English 2 May 84 p 8

[Editorial]

[Text] The Government has announced the freeing-up of the licensing system in respect of the entry of imports into Jamaica from the Caribbean Community (CARICOM). Addressing manufacturers and exporters on the new directions of Government policy in the development of export trade in Kingston on April 16, Prime Minister Seaga explained that the easing up of the licensing requirement was intended to facilitate unimpeded entry of goods from the rest of CARICOM. The Government, he stated, expected that Jamaica's CARICOM partners would reciprocate.

It is true that in an effort to correct the country's adverse balance-of-payments successive Government have resorted to quantitative restrictions on imports, including goods from CARICOM. Since 1981, however, the value of licences issued for CARICOM imports has shown sharp increases with consumer goods accounting for the more significant share.

Jamaica's balance-of-payments remains under considerable pressure. Mr. Seaga claims that in the interest of the development of the Community the Government has proposed the elimination of the restrictive practice. Of course, there is a world of difference between the declaration of intent and reality, so that, one hopes that the Government will move with purpose to see that the policy is effected. However, we hold to the position that the policy of quantitative restrictions, or licensing system, runs counter to the concept of a free trade area.

The Government's reiterated commitment to CARICOM would have carried more weight had it come before Trinidad and Tobago, the largest CARICOM market for Jamaican non-traditional exports, had imposed similar restrictive practices, with the resultant strain on local exporters. Faced with growing balance-of-payments difficulties, the new regime in Trinidad appears more disposed, than its predecessor, to give in to the demands of local manufacturers for protection. It is hoped that Jamaica's promised relaxation in import policy will cause Trinidad to think again or else Caribbean economic integration will continue to be in danger. This is why we support the call by Prime Minister Charles of Dominica for a meeting of CARICOM leaders to resolve these and other issues.

## NEW SYSTEM WILL MONITOR PRICES OF AGRICULTURAL EXPORTS

Kingston THE DAILY GLEANER in English 7 May 84 pp 1, 3

[Text] A system for monitoring freight on board (f.o.b.) prices of all agricultural produce presented for export on a fortnightly basis is to be put into effect by the Minister of Agriculture from today.

These prices will be based on those being paid by the exporters at the farm gate.

This was announced over the week end by the Minister of State in the Ministry of Agriculture, the Hon. Anthony Johnson.

Under the system, the Ministry will determine these minimum f.o.b. prices, which will then be supplied to the Collector General's Department. The Customs Officer at the berth of exit will examine the C38/41/CD3 forms filled out by the exporters and, where the quoted f.o.b. prices are below the established minimum prices, the shipment will be allowed only if the exporter re-adjusts the quoted prices.

The exporter, however, may appeal subsequently in writing to the Ministry of Agriculture giving full details of the various costs as well as a copy of the C38/41/CD3 form.

Where, after investigation, such cases are found to be genuine, letters of verification will be issued and copied to the Bank of Jamaica for appropriate adjustments.

All invoices, including these for items being shipped on consignment, must record the quantity and the f.o.b. price of each item. In the case of spoilage, or where produce is not sold, exporters will be required to furnish the Bank of Jamaica with documents, duly authenticated, verifying such incident.

Making the the announcement, Mr. Johnson said that this was not an attempt to interfere with the market mechanism for determining prices. He said that the decision to establish the monitoring system had been taken against the background of numerous reports about the unrealistic levels of export prices. He maintained that the system would merely ensure that the prices stated reflected a reasonable minimum. Further information could be obtained from the Marketing & Credit Division of the Ministry of Agriculture at Hope Gardens, the Minister said.



## BRIEFS

EXCHANGE RATE LIMITS--The Prime Minister and Minister of Finance, the Rt. Hon. Edward Seaga, yesterday signed a new Parity Order setting a new band within which the exchange rate for the Jamaican dollar vis-a-vis the United States dollar will be determined through the exchange auction. The new band is J\$3.85 equal US\$1 dollar at the lower limit and J\$4.15 equal US\$1 dollar at the upper limit. With effect from the auction today, bids must be within the new band, a release from the Bank of Jamaica said. The public is reminded that the maximum bid price may not exceed the rate at the upper end of the band less four cents Jamaican per US dollar. Based on the new band, bids must be between J\$3.85 and J\$4.11 cents per US dollar. The pool of funds available for the auction today is US\$6 million. [Text] [Kingston THE DAILY GLEANER in English 3 May 84 p 1]

CALL FOR RESISTANCE TO PRICES--Miss Portia Simpson, who speaks for the People's National Party on Consumer Affairs, has called on consumers to resist some of the increases in the prices of food and utilities which they are being called upon to pay. According to Miss Simpson, the increase in chicken price, coupled with an acute shortage of chicken neck and back, must serve to reduce the nutritional standard of many. She noted that almost all meat prices have gone up. Miss Simpson called for a roll-back in the price of chicken and meat and suggested that the Government should not remove the \$100 million subsidy from Jamaica Public Service Company. [Text] [Kingston THE DAILY GLEANER in English 7 May 84 p 3]

PARISH COUNCIL FUND SHORTAGES--Shortage of public funds is taking its toll on the social services of some local authorities and their ability to retain staff. In St. James the Parish Council has been forced to lay off an undetermined number of staff. Mayor Shalman Scott confirmed to the Bureau yesterday that this was "because of our financial situation." He said the Council had expected to receive \$1.1 million to finance its Budget for the month, "but we have got only \$712,000 which has forced us into a situation as we have been carrying accumulated debts". On Friday, the Jamaica Association of Local Government Officers (JALGO) sent a telegram to the Secretary of the Council calling on the Council to withdraw lay-off notices and arrange a meeting with the union to discuss the matter. Over in Hanover, more than 14 workers, most of them attached to the Water Supply Department, have been laid off, according to JALGO. The union's letter said: "The workers of the Hanover Parish Council have become extremely restive and the morale is deteriorating daily". Against this background, JALGO said the water supplies workers had mandated

it "to call upon the Council to reinstate these workers within the next seven days, failing which JALGO will have no alternative than to support whatever positive industrial action the workers may take to back their demands".

[Excerpts] [Kingston THE DAILY GLEANER in English 7 May 84 p 1]

HILTON CLOSING--JAMAICA'S HOTEL INDUSTRY suffered another blow yesterday when the Jamaica Hilton Hotel, in the Ocho Rios north coast resort area, closed its doors. Although it had been known for some time now that the present operators of the hotel, the international chain of Hilton Hotel, was ending its association with the hotel, the closure was not expected. Up to recently, it had been assumed that a new operator would have been found by the Government for the Hilton on a lease agreement; but this has not yet materialised. So the members of staff, the majority of them Jamaicans, who had been looking forward to a continuation of their jobs there--although they had been paid off by the Hilton management, to mark the termination of their contract--suddenly found themselves out of work yesterday. According to an unconfirmed report, the Government has been able to find a new hotel group to take over the Hilton. The report says it is a Canadian group, but this group is not yet ready to move in, so the hotel will be closed until such time. [Excerpt] [Kingston THE DAILY GLEANER in English 1 May 84 p 1]

CSO: 3298/817

## ECONOMIST SEES RECOURSE TO DEBTORS' CARTEL AS INEVITABLE

Mexico City EXCELSIOR in Spanish 8 Apr 84 p 28-A

[Text] "The national production apparatus is incapable in the short term of producing foreign currency surpluses with which to pay the foreign debt." This was the statement made by David Colmenares Paramo, coordinator of the seminar on the economy in the public sector, conducted at the School of Economics of the UNAM [National Autonomous University of Mexico].

Colmenares Paramo declared that in the face of the real and obvious inability of the underdeveloped countries to pay their foreign debts, "it will be necessary sooner or later to set up a debtors' cartel that could head a process of negotiation."

The comments of the former vice president of the National College of Economists were published yesterday in the official organ of the School of Economics of the UNAM.

The researcher gave the assurance that in the majority of the countries whose indebtedness is high, "the problem is not the payment of the debt, but rather the way in which to conduct the operation."

It is impossible, he said, for Mexico to pay the foreign debt today and he reported that 15 billion dollars in interest were paid in 1983, which meant more than 5 billion pesos per day.

He recalled that, among other factors increasing the amount of Mexico's indebtedness, is the 13 centavo daily devaluation of Mexican currency, which comes to mean an additional 10 billion pesos.

"The production apparatus," he explained, "depends to a great extent on the importations of industrial input and technology from abroad and it is therefore necessary to contract further debts in order to maintain a certain level of economic activity."

The economist summed the situation up by saying that, among the factors responsible for the country's inability to pay its debt are the protectionist policy of the United States, the deterioration of the terms of exchange on our exports that do not involve petroleum and the instability of revenues coming from exports, due to the weakness of the prices of crude oil on the international markets.

He gave assurance that the European banks are setting up reserve funds to cover a possible general insolvency on the part of the debtor nations, although these banks are hesitant to negotiate with them.

He did predict, however, that "it will be necessary sooner or later to set up a debtors' cartel to seek a negotiation that will eliminate insofar as possible the protectionist policy of the developed nations, defer the minimal amortization payments to a term of 30 years and reduce the interest rate by providing longer grace periods."

8089

CSO:3248/577

## SOUTHERN BISHOPS TAKE UP PROBLEM OF DRUG TRAFFICKING

Mexico City PROCESO in Spanish No 388, 9 Apr 84 pp 30-31

[Article by Carlos Fazio]

[Text] The narcotics trafficking cycle (production, distribution and consumption of drugs), with its dialectic of corruption and death, has established itself in Chiapas and Oaxaca.

The "dirty business" of marijuana and poppies, with its trail of divisiveness, dissension and violence, has already had its effect on the Indian communities in the area.

In the face of this situation, which is "alarming" for ethical, moral and religious reasons, the bishops of the Southern Pacific Pastoral Region have prepared a document that examines the problem. The draft, which is provisionally entitled, "The pastoral letter on narcotics trafficking," talks about the power of the mafia bosses who control the business, their impunity and the direct or indirect complicity of high government officials at both the state and federal level.

Signed by Bishops Bartolome Carrasco, Jose T. Sepulveda, Jesus Castillo Renteria, Samuel Ruiz, Braulio Sanchez, Hermenegildo Ramirez and Jesus A. Palacios, the document notes that the permanent campaign against corruption launched by President Miguel de la Madrid will be called into question seriously if it does not deal with one of the factors most responsible for venality in the administration of justice: narcotics trafficking in Mexico.

Without any intention of sensationalizing the matter, the pastoral letter seeks to warn the poor peasants against the tricks employed by "professional tricksters," who persuade them to get involved in the drug business.

The document repeats a previous proposal by the bishops on the problem of marijuana and poppy production in Chiapas and Oaxaca, which was expounded in the pastoral document, "Experiencing political commitment in a Christian way" (March 1982).

At that time, they said: "Because of a lack of fertilizer and machinery to make the earth more productive, and because of the Indians' and peasants'

extreme poverty, many have fallen into the hands of Mexican or foreign mafia bosses, who 'convince' them that they should plant marijuana on land removed from farming.... They are trapped in a web woven by drug producers and traffickers."

Concerning the dynamics of the "business," they added: "Whoever talks, dies, whoever quits, dies. Deaths multiply. We fear, and not without reason, that what has happened in other neighboring countries, where groups of narcotics traffickers have achieved decisive political influence, will also happen in Mexico."

This was the situation in 1982. Today, according to the bishops, things are much worse. The planting of poppies and marijuana has increased and almost 20 percent of the arable land in the states of Chiapas and Oaxaca is given over to this cultivation. The majority of the land used belongs to Indian communities.

The bishops report the existence of a perfectly organized network that supplies seed, credit, fertilizer and the other contributions, that exercises technical supervision over the planting, weeding, and harvesting, including combating possible blights, that collects the product, packages and stores it. There is also a well-equipped transportation system for the weed; it includes trucks, trailers and private planes.

Entire communities have become involved in the "business." They are caught in the grip of the "boss" or narcotics trafficker. Drugged and compromised, they cannot draw back. Anyone who does runs the risk of being murdered. That's the way this business is.

Deeply impressed by the increase in production, use and trafficking in drugs in the southern Pacific region, the bishops wonder: "What are the underlying causes for these developments? What is it that is pushing our society along these paths of injustice and death? Who are those who, in the final analysis, are responsible for this situation"?

Behind the narcotics trafficking, they answer there is economic power. A mafia that controls drug trafficking, organized at the national and international levels. An enormous power that holds large parts of the region under its almost absolute authority. That acts with impunity and effrontery, that disdains the nation's laws. A power so great that it can only be explained by the assumption "that there is direct or indirect complicity by high-ranking state and federal government officials in this business."

The bishops say: "When the authorities remain silent and tolerate these acts, even though they have the information and judicial mechanisms to call a halt to the situation, they are party to the crime. And when they allow themselves to be suborned or participate directly in the business, they are not merely accomplices but true criminals."

As a basic "internal element" in the increase in planting of drugs, they cite the extreme poverty in which the peasants find themselves as a consequence of the systematic stripping from them of their lands, woods and

natural resources and production. "They come to see in the planting of marijuana and poppies their only hope for salvation, which they seize upon to keep alive.... Basically, it is their extreme poverty that impels the peasants to plant drugs. If the government's programs for the countryside were effective, insofar as the production of basic grains and improvement of the peasants' standard of living are concerned, certainly the peasant would not be tempted to engage in the dirty business of narcotics."

The "business" results in an obvious breakdown in the community. It engenders divisiveness and dissension. The communities are on the brink of cultural death (ethnocide) and often of physical death as well (genocide).

In chapter III, "Pastoral lines," the bishops remind the civil authorities of their "serious responsibility" to avoid direct or indirect complicity and to stop effectively the "death race" caused by drug production and trafficking in Mexico. "One has to go to the root of the problem in this matter. And the root is not the peasants, who are victims, but rather the government's complicity with the mafia and the latter's illegal activities. This is where the remedy should be applied: take away from the mafia its basis of support."

Mexico's international image, the defense of peaceful coexistence among nations and the Contadora Group's efforts could all be compromised, they say, if the country as such allows the international narcotics trafficking mafia bosses to operate, as these are going to end up getting involved in "all our country's affairs."

Every person or community that has entered or is about to enter the ranks of those planting poppies and marijuana is warned by the bishops: "You have been deceived and will be the first victims of the repression that the government and narcotics traffickers themselves will exercise against you. Neither the owner of the business nor the member of the mafia who represents him ever shows his face; consequently, it is difficult to convict them of crimes and they never go to jail. On the other hand, you are the first ones to be arrested, tortured and killed. It is not worth risking your lives for such a dirty business."

12336

CSO: 3248/589

PAN: VELAZQUEZ THREAT TO 'PARALYZE' NATION ANTIDEMOCRATIC

Mexico City EXCELSIOR in Spanish 10 Apr 84 pp 1-A, 11-A

[Article by Juan Gerardo Reyes]

[Text] The PAN [National Action Party] yesterday criticized statements of the leader of the CTM [Confederation of Mexican Workers], Fidel Velazquez, to the effect that "the organized labor movement is even prepared to paralyze the country totally to prevent reactionary elements represented by PAN, the private sector and the clergy from achieving political power in Mexico." The blue and white party accused the leader of being a political terrorist, because with his statements he is sabotaging presidential aims for the complete democratization of the country.

Last Sunday, 8 April, Velazquez presided over the Labor Federation meeting in Culiacan, Sinaloa. In the presence of the governors of Queretaro, Nayarit and Sinaloa, Rafael Camacho, Emilio M. Gonzalez and Antonio Toledo Corro, respectively, he detailed the position of the labor sector against National Action's policy.

Velazquez asserted, "We are not prepared to compromise with reaction; we will concede not one iota; the conquests won by the country's proletariat have strengthened the principles of the Mexican revolution." Words which prompted the reaction of PAN's directing committee.

On the basis of the CTM leader's statements, the directors of National Action came to the conclusion that "it will be meaningless for President de la Madrid to have promised to preserve, promote and expand democratic forms; to enlarge economic democracy and offer channels for social democracy, if within his government and his party there exist mentalities which cling obstinately to political positions and refuse democratic change."

On more than one occasion it was said that the CTM leader is a political terrorist, because with his words he appears as an obstacle to the initiatives of the chief executive, rather than a benefit for the democratic opening.

PAN asserts, "It can be pointed out that the attitudes of political terrorism assumed by Fidel Velazquez have a cyclical nature; they are repeated when the hour of distribution of political appointments arrives as a means of pressure in the quest for better positions."



In the opinion of National Action, with these actions the leader "shows more interest in protecting and seeking political positions than in defending the interests of the workers."

Finally, the governing board of the National Action Party declared that "apparently the CTM leader seeks to convert the country into a reflexion of what CTM is; a rigid organization, fossilized and obstinate to democratic changes."

9678

CSO: 3248/578

## PRI SECTIONAL MEETINGS HELD; CORRUPTION AT REFINERY

Mexico City EXCELSIOR in Spanish 9 Apr 84 pp 4-A, 22-A, 23-A, 27-A

[Article by Humberto Aranda]

[Excerpts] The PRI [Institutional Revolutionary Party] stated that they have arranged throughout the country 30,000 sectional meetings, with the participation in each one, of from 60 to 900 members, as part of the preparation for their 12th annual convention.

In the Federal District, where 3,337 of these meetings were held over the weekend, there were criticisms of PRI and officials sponsored by it, and the reporters who attended some of them commented on the small attendance.

For example, in the Roma development sectional committee, the participants, mainly women, declared that the people no longer resisted further increases in basic products, such as the one announced for gasoline and they criticized corruption.

The regional PRI, on its part, asserted that "the great majority of the meetings were attended and that the rank and file members democratically elected the best men as delegates to the 40 district assemblies which will soon meet, in addition to which opinions were offered on how the selection of candidates for popularly elected posts should be handled.

For its part, the PRI national executive committee indicated that in the preparatory meetings for the 12th convention, among other objectives, are the institutionalization of the permanent dialogue between directors and party members; obtaining a genuine representation and a permanent place for members who present proposals; the promotion of a general mobilization of party members; respect for free criticism and the encouragement of free discussion among members.

Those conducting an audit of the Azcapotzalco refinery have encountered the following situations:

Despite there being practically no green areas on refinery property, there is a monthly contract for 6 million pesos to take care of them.

There exists another contract for cleaning the cupolas of storage tanks, "by hand with rough cloths," a task which obviously is not being performed, as the maintenance of the gigantic tank covers is done by painting.

Large discrepancies have been uncovered in the materials warehouses in the categories of wood, electrical supplies and cleaning articles and accessories, cement, wire rods and paint. Nor have clean accounts been found in the management of the petty cash of Workshops Coordination.

The discrepancies consist basically in large material orders being placed which generally do not arrive complete at the warehouses.

9678

CSO: 3248/578

## BRIEFS

**OAXACA TALENT RETENTION MEASURES**--To avoid the brain drain to foreign countries, a scholarship program has been set up by means of which support will be given to deserving members of the professions, according to a statement made by Manuel Ortega Ortega, undersecretary for Education and Technological Research. He explained that all countries are dependent technologically to a greater or lesser extent and he added that Mexico's dependence is less in comparison with that existing in other nations on the same level of development. After signing with the governor, Pedro Vazquez Colmenares, an informal agreement on the education of workers in the areas of industry and services, Ortega pointed out that the SEP [Secretariat of Public Education] will give major economic support to researchers who take up residence in the province so as to decentralize research. He announced that this year 264 researchers will graduate with the master's degree from a training program designed to reinforce the technological education system. [Text] [Mexico City EXCELSIOR in Spanish 6 Apr 84 p 27-A] 8089

**AUTOMOBILES TO SAUDI ARABIA**--Chrysler of Mexico continues to expand its export markets and to this end has just begun the shipment of automobiles destined for the far-off country of Saudi Arabia. Such was the announcement made by Jerome B. York, engineer, general manager of the aforementioned firm. He also said that a few days ago the first shipment of 140 2-door, 4-door and station wagon "K" units will leave the Chrysler assembly plant in Toluca, headed for the Middle East. This initial order for 1,600 units during 1984 will enable Chrysler to acquire a total of 11 million dollars (1.9 billion pesos) in foreign currency. York explained that it was important to mention that the company realized a surplus in its balance of payments for 1983 thanks to its aggressive export programs like that involving Saudi Arabia, which assure surpluses for many years to come. "In this way," said York, "Chrysler is contributing to the improvement of our country's economy." It was said that Chrysler had been able to secure this order mainly because of the fine reputation enjoyed by the Mexican automobiles exported by the firm to Puerto Rico, a program that was initiated more than a year ago and which has produced excellent results for Chrysler of Mexico. The executive explained that a few months ago a group of Saudi Arabian businessmen had visited the installations of the Chrysler Industrial Complex in Toluca and that they had expressed their surprise at the modern production processes of the plants and at the magnificent workmanship of the Mexican workers. In closing, York emphasized that "this export program reconfirms Chrysler's

decision to export approximately 450 million dollars' worth of assembled vehicles and automobile parts this year." [Text] [Mexico City EXCELSIOR in Spanish 9 Apr 84 p 14-A] 8089

DISCRIMINATING HIRING PRACTICES CHARGED--In the factories of the Valley of Mexico employment is being denied to persons over 40 and to unwed mothers, according to Raul Primitivo Tobon Camacho, leader of the CROM in the state of Mexico. The labor representative said that the rejection of older men will lead to an increase in unemployment in the area around Mexico City. Tobon indicated that there is need of intervention to compel industrialists to hire men who are over 40. The leader stressed that it is imperative to demand that all collective labor contracts signed with companies include a section in which it is clearly specified that the hiring of workers over 40 in no way constitutes a detriment to the firms. He stated further that unwed mothers should be given priority in all factories where they seek employment, followed by heads of families and lastly, young people. This problem is especially prominent in the industrial areas of Atizapan, Tlaneplantla, Naucalpan, Ecatepec, Tultitlan and Cuautitlan-Izcalli. [Text] [Mexico City EL DIA in Spanish 23 Mar 84 'Metropoli' supplement p 9] 8089

CSO: 3248/577

## COMMUNISTS OUTLINE POLITICAL, SOCIAL, ECONOMIC PLATFORM

Managua AVANCE in Spanish 4 Apr 84 pp 4-10

[Main speech by Eli Altamirano at the opening ceremony for the Electoral Front Struggle of the Communist Party of Nicaragua, held at the Gonzalez Theater in Managua, 1 April 1984]

[Excerpt] In order to take the lead in the major undeferrable solutions demanded by the people and the fatherland under these difficult, complex circumstances, the Communist Party of Nicaragua has now underscored the fundamental goals of its electoral struggle.

As an essential part of this opening ceremony for the Electoral Front Struggle of the Communist Party of Nicaragua, we shall hereafter explain the goals of the program that our party intends to meet in the government, if it wins the elections of 4 November of this year.

We want to explain that this is a platform devised on the basis of the extremely urgent need for real solutions to the deepseated crisis besetting the country and, at the same time, one that is consistent with the phase we are undergoing, geared to the difficult political circumstances facing Nicaragua and the Central American region.

It is an indispensable platform for the people, and also a good one for all sectors and individuals who desire a free, democratic fatherland, with development and progress.

In short, we shall demonstrate that we Communists, bearers of the Marxist-Leninist theory, bearers of scientific socialism, have correct solutions for achieving the most urgently needed democratic development demanded vociferously by Nicaragua.

One would have to be a venomous enemy of all development and progress to oppose the platform that the Communist Party of Nicaragua intends to carry out in the government.

#### In the Economic Area

Agrarian reform plan: The agrarian reform will be thoroughly democratic, anti-feudal, anti-oligarchical and anti-imperialist.

It will be a deepseated agrarian reform, that will serve as the basis for the struggle to win the country's economic independence and the social progress of urban and rural workers, and of the entire Nicaraguan population.

It will confiscate the idle large estates and the abandoned ranches.

It will eradicate unemployment, and incorporate the traditionally jobless sectors fit for production into work.

It will increase to the maximum the production of grains, cereals, vegetables, livestock, milk, meat, sugar cane, coffee, cotton and other raw materials, for the purpose of putting an end to the food shortage, eliminating grain imports, solving the people's most severe food problems and increasing the country's exports to the maximum.

It will develop the People's Ownership Sector, incorporating into it the agricultural estates that have been confiscated.

It will turn over sufficient land to the landless peasants or those with but little land, organizing them for this purpose into agricultural or agricultural-livestock cooperatives.

The small, medium and large farms will be guaranteed possession of land for perpetual use. Also, their facilities, livestock and other accumulated assets will not only continue to be possessions of the peasant families who own them, but will also be assets to be developed.

There will be a continuation of the Literacy Campaign which was carried out, based upon a harmonious plan for school education and technical instruction for the rural population.

Small, medium and large-scale production of cotton, coffee, meat, tobacco, sugar cane, sesame seed and other export products will receive all the necessary incentives from the democratic, patriotic government that the Communist Party of Nicaragua will establish.

It will scientifically plan the country's agricultural and livestock production and will establish a substantial policy of economic and technical aid and assistance for all the production units and rural producers.

It will rebuild the railroads and will extend their branches throughout the entire country.

It will build new highways, feeder roads and access routes in the farming areas, and it will develop transportation and commerce in the agricultural areas and throughout the country.

It will expand the domestic market and commerce, foster the intensive development of industry, strengthen the purchasing power of the cordoba and eliminate the domestic inflation.

It will give an impetus to the national economy, the workers' progress, and the nation's cultural, scientific and technical advancement, and will lead Nicaragua toward the conquest of its economic independence, and its rising national and social development.

With all the available forces, it will undertake the country's electrification and, simultaneously, Nicaragua's major industrial development, based on the use of our natural resources and raw materials, consistent with the nation's economic and social progress caused by the implementation of agrarian reform and that in other productive areas.

Industry, agriculture and commerce will have to be given an impetus in all the cities and towns, in accordance with the individual capacities of each of them.

With the national plan that we have outlined, all of the country's departments will enjoy a substantial, steady, agricultural, industrial, commercial, cultural and political development.

In this respect, the Atlantic coast must be included with equal opportunities for spurring on its progress thoroughly, and there must be total consolidation of the integration of its entire population and region into the country's economic, political and social life and all the deepseated, complete development of the Republic of Nicaragua.

Taking advantage of our mineral deposits, other natural resources, and our own raw materials and others acquired through international barter, we are seeking the most vigorous and diversified development of industry, to create a strong light industry and to undertake the initiation of heavy industry in Nicaragua.

The sciences, technology and culture must set the pace for the requirements involved in all this development.

Obviously, in order to be able to start and give an impetus to Nicaragua's complete development, from the first day of government we shall have to undertake a thorough review of the country's economic situation, its trade relations and government management of finances. Indispensable measures will be:

1. To disclaim the foreign debt inherited from Somozism, the payments on which are assassinating the entire nation.
2. To revise the international economic relations of the state of Nicaragua, in keeping with the interests of its independent national development and the social progress of the people. Along this line, to reject the burdensome loans and every intention of the financial capital of world imperialism and the United States Government to make our fatherland return to neocolonialism.
3. To intensify the trade relations of the state of Nicaragua with the states of the Socialist community and other Socialist countries, and also with all



the capitalist states capable of maintaining with our state relations which are mutually advantageous, based on mutual respect for the principles of sovereignty of our countries, and self-determination for our respective peoples.

4. To establish a state policy of complete economic and technical incentive for all the development in domestic production, but in a larger proportion for the People's Ownership Sector.

5. To eradicate the embezzlement, fraud, excessive personnel, red tape and shortcomings that are evident in the state's administrative organs.

6. To impose, without reservations, a genuine policy of strict austerity, efficiency and productivity in the government institutions and in all manufacturing, agricultural-livestock, commercial and financial enterprises. For this purpose:

Integrity, savings and efficiency will be imposed and cultivated in public and business administration.

The suitable participation of the workers' trade unions will be established in the control, planning and programming of enterprises.

The workers will be provided with necessary, sufficient education to enable them to better perform the tasks of production and administration.

Wages will be bolstered monetarily and really, and rewards and other material incentives will be given to the workers who are most outstanding in productivity.

Constant care, repair, rebuilding and renovation for machinery will be maintained, and new machinery and modern techniques will be introduced into production.

Speculation in commerce and usury among lenders will be totally eliminated.

In the Social Area:

The promulgation of a new Labor Law, based on the requirements for the country's development and the workers' social progress.

Strict control over prices of items for popular consumption and the necessary increases in wages for workers.

Based on the development that the country's economy will receive after the party's immediate platform has been implemented, the people's social progress will be promoted by means of:

Improved working conditions throughout the entire country.

Improvement in the people's nutritional diet and an abundance of food on the domestic market.

More hospitals, more extensive and better medical care for all the people, and sufficient medicines all over the country.

Better and more efficient service from the INSS [Nicaraguan Institute of Social Security] for those whom it insures and its extension throughout the country.

More schools, institutes and universities in all parts of the country, and scientific education for students on all levels.

More collective transportation everywhere in the country.

More housing for workers country-wide.

More protection for children, the aged and the youth in the entire country.

More of an impetus to popular culture.

The establishment of a policy of consistent economic, cultural, scientific and social incentives for teachers and professors, technicians and professionals throughout the country.

The abolishment of vice and crime, by means of programs involving thorough social orientation that will reeducate our people and their youth, directing them along the path of ideological, moral and political self-improvement.

The complete liberation of Nicaraguan women, incorporating them totally into work, production and the process and tasks of the revolution, and establishing the effectiveness of their rights to equality in the family and in the society; consistently striving on behalf of the elimination of the macho deviations of the masculine sex and of the feminist prejudices instilled in them, and dignifying them in all realms of social life in the democratic republic of Nicaragua.

In the Political Area:

The establishment of a democratic, patriotic government backed by the conscious support of the Nicaraguan people.

To attain this goal, the Communist Party of Nicaragua is relying on the immense aspirations for peace and progress among the people; in other words, on the revolutionary struggle of the proletariat, the peasants, progressive professionals and intellectuals and other popular sectors.

The democratic, patriotic government that the Communist Party of Nicaragua will head:

Will give an impetus to the unity of action of the revolutionary parties.

Will strive to create an alliance between the revolutionary forces and the social and economic sectors which, both ideologically and practically, adopt

a democratic, anti-imperialist policy that will serve as effective cooperation in the changes and development dictated by its platform.

Will establish a new legal-political order for the republic, wherein the laws with feudal vestiges and of reactionary inspiration will be eliminated, and laws to back and intensify these principles will be established:

- a. The country's independence, national sovereignty, territorial integrity and the people's self-determination;
- b. The right of the workers and other popular sectors to the social progress and intense advancement of the revolution;
- c. The cultural and scientific development of the Nicaraguan state and society;
- d. The firm, unequivocal implementation of revolutionary justice;
- e. The battle against crime.

Also to be established are the positions of the Communist Party of Nicaragua regarding religion, which we shall summarize:

"Complete separation of Church and State, and between the Church and education.

"The state has nothing to do with religion. Religious institutions and associations must not be associated with the state's power nor with the state's policy.

"The state is secular, and all the education that is given within the national territory will be secular as well.

"The state will fully guarantee the Church's evangelizing endeavor, while at the same time prohibiting the Church from meddling in official politics and in general politics per se.

"Every citizen is completely at liberty to profess whatever religion he prefers, and is also at liberty to be an atheist; in other words, not to believe in God nor profess any religion, if those are his convictions."

Concurrently with all these accomplishments and policy measures, the Communist Party of Nicaragua and the government that it will head intend to undertake a maximum increase in the complete defense of the fatherland and the revolution, and the intensive advancement of the democratic, anti-imperialist process. For this purpose, they will promote:

1. The development of the political mobilization of the proletariat, the urban and rural workers and other sectors of the people;

2. The people's incorporation into patriotic military service and all forms of national defense;

3. The development of the Territorial Militias, based upon the complete integration of the working class, the poor peasants, the youth and the progressive intellectuals into them, by means of their own class and mass organizations.

To make this full participation by the people possible, and thereby guarantee the successful defense of the national sovereignty, independence, self-determination, the conquests and the revolution, the Law on Patriotic Military Service and the Territorial Militias will be given the preeminently national nature that is inherent in them.

Other policy achievements will be:

1. The profoundly democratic stimulation of the workers' struggles for social progress, of the labor movement's development and of the struggle for their solid unity based on the fundamental principles and historical tasks of the working class.

2. The revolutionary alliance of the working class with the poor peasants, driving forces for the intensification of the democratic, anti-imperialist revolution and of the Socialist revolution for which our party and the proletariat are struggling.

3. The solid unity of the principles of the revolutionary parties, that will come to be a guarantee of the successful defense of the democratic revolution, its conquests and its intensification.

In permanent solidarity with the peoples and countries of the Socialist community, with the international labor movement, with the peoples and countries which have won their independence and with all the progressive peoples and forces of the world who are struggling for peace, democracy, national liberation and social progress.

As may be realized, this involves the complete development of Nicaragua and our party's immediate platform, which we have clearly explained, and which is one for intense independent national development for the country and social progress for the people, constituting the key and the precursor of this objective.

2909

CSO: 3248/611

## STUDENT FEDERATION URGED TO SUPPORT DRAFT

Managua EL NUEVO DIARIO in Spanish 28 Apr 84 p 9

[Text] "The students' struggle right now must aim at resolving the overall problems at learning centers and at developing as much manpower as possible for the Patriotic Military Service." This was one of the conclusions reached at the assembly that the Federation of Secondary School Students (FES) held yesterday with Commander Dora Maria Tellez at its building on Ramirez Goyena.

Commander Tellez told the students that their leaders should be concerned not only about eliminating shortages of chairs, pencils and notebooks and about building maintenance; they must also be ready to do their Patriotic Military Service.

In this spirit they should take after the student movement that fought against the dictatorship, when student leaders were concerned not only about student problems but also about the people's struggle for freedom, Commander Tellez added.

"I don't know what the secondary school students' union organization has done, whether people are still taking classes standing up, whether the buildings are falling apart and whether they are trying to change this situation," the FSLN [Sandinist National Liberation Front] leader added.

Commander Dora Maria Tellez went on to say that secondary school students must be in the vanguard not only in boosting production but also in raising morale and combat readiness. A youngster must possess specific attributes to play the delicate role of student movement leader.

For their part, Alfonso Baca, the regional president of the Federation of Secondary School Students, and Guillermo Lanzas from the federation's committee stated that now that the FES student movement is resuming its struggle, one of the main objectives is to create an awareness among young people that we are at war and that "we must be prepared to fight as part of the Patriotic Military Service."

The students resolved to collect all kinds of useful material and to send it to the men on the battlefield, including money to lower the costs of this war for the Revolutionary State.

They added that they have a drive under way in which students are encouraged to contribute 2 cordobas, 1 for the second FES congress, which is going to be held on 26 and 27 July at the Maestro Gabriel school, and another for the battlefield.

We are also going to mobilize some 10,000 students to give blood for our student brothers who are wounded on the battlefield, the youngsters who were interviewed asserted.

8743

CSO: 3248/621

## ANAPS DENOUNCES CHINESE AGGRESSION AGAINST VIETNAM

Managua EL NUEVO DIARIO in Spanish 23 Apr 84 p 2

[Text] Once again the Chinese expansionist cabal has invaded Vietnam; on 6 April, a 2,500-man strong Chinese Army battalion, supported by heavy artillery, crossed the border to consolidate its expansionist policy.

The Vietnamese diplomatic mission in Peking reacted immediately with a letter of protest describing the move as "a flagrant act of war, similar to the move that China made in February 1979 when it launched interventionist attacks against heroic Vietnam, which made the American meddlers bite the dust."

It is a known fact that in the 5 years since they were defeated in 1979 Chinese troops have killed close to 1,000 people. The expansionists have undertaken more than 7,000 armed provocations against the Socialist Republic of Vietnam.

Compounding this is the fact that China maintains more than 10 military divisions near the border with Vietnam, backed by 5 army corps and a large number of artillery units, tanks, armored vehicles, rockets and border guards.

Between October 1980 and May 1981 China mobilized a regiment-level force to occupy positions in the province of Ha Tuyen and in the district of Cao Luc in Lang Son Province. During this same period the expansionists' air force violated Vietnamese territory more than 2,000 times, while authorities in Peking have been strengthening their ties with Washington and other reactionary forces in the world.

A Vietnamese Government document distributed in early 1984 makes reference to China's aggressions, indicating that it is concentrating strategic intelligence organizations and spy centers along the border with Vietnam and is waging psychological warfare to sabotage the Vietnamese economy.

At sea, China has been hard at work building and consolidating military bases on Haim Nam Island and maintains military airfields on the Hoang Sa Archipelago, which it has occupied illegally since 1974.

Over the past 5 years, more than 100 armed vessels disguised as fishing boats have been detected in Vietnamese waters in the Gulf of Tonkin as far as Thailand Bay.

#### Attacks on Vietnam's Economy

From 1979 to the present, the Chinese reactionaries, in collusion with American imperialism, have been constantly trying to sabotage Vietnam's economic relations with other countries. "They have attempted to convince and to pressure a number of countries and international organizations to stop granting loans and to suspend aid to Vietnam," the Vietnamese Foreign Ministry says.

In southern Vietnam, they made use of their lackeys to take advantage of shortcomings and aggravate the people's economic woes, setting warehouses on fire and destroying business machinery and equipment.

In light of this new aggression by China against the heroic people of Vietnam, it bears noting that China is using the pretext of the so-called Kampuchea problem. It is again employing the argument that Vietnam is attempting to found an Indochinese federation, thus stirring up the anti-Vietnamese sentiments of the Lao and Kampuchean peoples in a bid to destroy their combat solidarity.

China's leaders are also striving to provoke confrontations and to sabotage the dialogue among the countries of Indochina in a bid to weaken Vietnam.

In the face of these developments, the Nicaraguan Association of Friendship with Socialist Countries (ANAPS), whose members come from all segments of Nicaraguan society, reaffirms once more its support for the just struggle of the heroic people and government of Vietnam, and we denounce the new imperialist aggression by the Chinese in that region of the continent.

8743

CSO: 3248/621



## SIMMONDS INTERVIEWED ON VARIETY OF DOMESTIC ISSUES

Bridgetown SUNDAY SUN in English 29 Apr 84 p 11

[Text]

IT took him 15 years on the political hustings and four elections before he won his first contest for a seat in the St. Kitts-Nevis House of Assembly.

But today, as election fever begins to take hold of his small country, despite the fact that no date has as yet been set, he is the nation's first prime minister.

Dr. Kennedy Simmonds, an anaesthesiologist by profession, became premier of St. Kitts-Nevis in 1980 following the general election of that year. His People's Action Move-

ment (PAM), is the major partner in a coalition government with the representatives from Nevis.

The prime minister of one of the world's smallest independent nations sat down in his office in Basseterre the other day and talked to Tony Best, the SUNDAY SUN's North American correspondent, who spent three days in the country interviewing political figures in St. Kitts-Nevis.

What follows is an edited version of that conversation with Dr. Simmonds:

Q: As one drives around St. Kitts, one feels an election is in the air. Is one imminent?

A: It depends on what you mean by imminent. An election is due by February, 1985.

Q: What are the critical issues which could come up in an election in 1985 or in 1984 for that matter?

A: I think the overall issue will be the performance of the government over the past five years; how well has the government performed? Did it meet the needs of the people? Did it do well? Are people satisfied that it has come to grips with some of the critical issues?

Q: From where you sit as Prime Minister, how do you answer those questions?

A: I think we have started to come to grips seriously with the need to diversify the economy. I think that was one of the greatest

problems and we have come to grips with it, by diversifying away from sugar. At the same time we are also looking at ways and means of making the sugar industry more efficient, more relevant and more meaningful in today's society. We have to bear in mind, of course, that sugar faces problems all over the world. In this respect, I think we have done well in creating a favourable investment climate and in attracting industry into the country.

We have also had great success in the development of tourism. That has been one of our outstanding successes by improving communications to North America, in particular, with the advent of BIWA and subsequently Pan America. We have been able to increase the flow of tourists. During the past season, we had an outstanding success in that we had practically 100 per cent occupancy.

**Q:** You referred to the sugar industry and I wish to ask about a pledge you made during the last election to pay the sugar industry people some \$12 million for their lands. You haven't paid the money yet. Is that outstanding debt going to be a campaign issue?

**A:** I am hoping that the outstanding payment will be made. In fact, we have been having on-going negotiations with the owners with a view to working out some programme for payment. We are committed to paying for the lands; this is basic. Of course, the thing is to find the money to pay for the lands. We have been exploring various avenues with varying degrees of success and we continue to explore these avenues. Whenever we meet with success, then we will take care of the issue. We have been nibbling at it, so to speak.

Over the past four years we have paid off for the present industrial site. This was not paid off before and we are working out with the owners some way of getting a satisfactory arrangement. If we are not in a position to come up with all the money all at once, we are looking at how we can address the problem in another way. This is where we are at at the moment.

**Q:** Let's go back to tourism, Dr. Simmonds. If your party wins the next election, what will be its strategy for tourism development?

**A:** At the moment, most of our tourism is centred in the Frigate Bay area. We see the development of the southeast peninsula as a natural extension of that. We think that it has the potential to add greatly to our tourism development. We would like to see more of our people become involved in the expansion of tourism. There has been a fair amount of success in that area, not only in our time but generally.

We have the Ocean Terrace Inn which is locally owned and the Fairview Inn which I consider locally owned. I would like to see more local business people or people locally who have money to invest get into tourism so that it does not become just the territory of the foreign investor.

In the body of the country, I would like to see people getting into the development of guest houses and smaller facilities. We don't want to get into the stereotyped high-rise tourism development. We want to keep a Caribbean flair and a Caribbean atmosphere.

**Q:** It is interesting that you mentioned local people becoming

involved in the tourist industry because I have heard criticisms of your government for the 99-year lease arrangement with foreigners for the hotel complex at Frigate Bay. Is there a conflict somewhere?

**A:** It was not leased for 99 years. When we came into government we found that the hotel, the Royal St. Kitts Hotel, which was government-owned, was leased to an operator.

It was on the basis of a joint venture with the government, that is to say, the government would share 50-50 in the profits, but it never worked that way. There were never any profits in which the government could share. In fact, on one occasion when we insisted on proper audited accounts and we did get audited accounts we found that there had been profits. At that point the operator claimed that those profits had been used to defray some debts which the government had incurred.

Still, we attempted to establish a working arrangement with the operator, removing government completely from this partnership arrangement which was totally unprofitable for government.

We wanted a straight lease arrangement where the operator would pay a rental but it didn't work out because the operator still didn't pay. So, in the end we took the bull by the horns, so to speak, and we took back the hotel.

Eventually, we settled with the operator. We paid him what we owed him and he paid us what he owed us. We sold the hotel after the fire, the disastrous fire of which you are aware. The hotel has since been rebuilt, so that the hotel is owned by private enterprise. The golf course remains the property of the government, that is the Frigate Bay Development Corporation, and we intend to keep it.

**Q:** How about Nevis? The critics of your government charge that you have virtually handed over the country to the people from Nevis because your government depends on the representatives from Nevis to have a majority in the Assembly. Is that true?

**A:** That is typical opposition political propaganda. If you look at the posture that was being taken by the opposition prior to the 1980 elections, you will find that they were advocating that Nevis should have greater autonomy and share more in the overall running of the country. It was the same basic principle. The mere fact that we were the ones in a position to implement it, has brought forth the typical opposition response.

**Q:** But how much is the current rivalry between Nevis and St. Kitts a matter of history and how much can one attribute it to political propaganda, as you call it?

**A:** Yes, there has been the historical rivalry but I think the political propaganda, coupled with the rivalry adds fuel to the historical aspect and it is unfortunate. The tactics of the opposition tend to distort the situation and place it out of proportion.

**Q:** Earlier you outlined your successes during the past four to five years. What about failures?

**A:** No one achieves everything that one sets out to do. We have achieved some success in what we consider our basic priority; the crux of our development strategy is beginning the process of diversification. If there have been some little things which I can't think of at the moment that we haven't done, I don't think they are important because the overall strategy, the basic priority, is being achieved by the government.

**Q:** The opposition intends to raise the issue of integrity in government during the next election by suggesting that your government is corrupt. Is that going to be a real issue?

**A:** No. It is not a real issue. They have been trying to make an issue out of it but to be truthful, my government has shown more integrity than the Labour Party administration has demonstrated over the past 30 years and I think the people of this country are fully aware of that. That's why I don't see it as any issue which could be detrimental to us at all.

**Q:** To be specific, the opposition has alleged that US\$400 000 was taken from the Treasury to purchase a boat which one published report stated was a gift to St. Kitts-Nevis. What is the real situation?

**A:** Again, this is a straight case of opposition political propaganda. The fact of the matter is that the issue was thoroughly ventilated in the House of Assembly and the entire nation had an opportunity to hear the matter debated when we dealt with the supplementary appropriation where funds were provided for the purchase of the boat. If the opposition chooses to continue to make political propaganda that is a matter for them. The individuals, I still intend to deal with on a personal level.

**Q:** Some people charge that your government has instituted a pattern of rampant victimisation. A governor was removed from office, so too was the head of the National Bank. Several public employees claim they were dismissed without being told why. How do you respond to those charges?

**A:** There is absolutely no truth in the charge of victimisation against my government. In fact, I have been accused of being too lenient with people. Sometimes we have seen public servants who attempt to thwart the policies of government. Yet we have lived with them and we have attempted to show them the errors of their ways. Many of them still have their jobs. I think the Labour Party's record on the question of victimisation is startling.

In 1971 when the Labour Party was returned to power in the general election, police were sent around in the early hours of the morning, five and six o'clock, knocking on people's doors and handing them dismissal slips. Many public servants were dismissed from their jobs immediately after the 1971 election.

The Labour Party cannot talk in this country about victimisation.

## EDUCATION

**Q:** How are you planning to meet the educational needs of the people of St. Kitts-Nevis?

**A:** We have tried to embark on an integrated educational policy beginning from the state of early childhood education. We have started with the development of day care centres throughout the country. We see the day care centres as being more than a place to deposit children. We are providing teachers to give the children a head-start in education.

We also see a great need to move away from the traditional strategy for education that we inherited. So we have introduced in one school some basic automotive mechanics. Although we have a technical college, we feel that such a move whets the appetite of young people while at the same time it gives the teacher the opportunity to detect aptitudes which don't follow along the traditional lines, academic aptitudes.

There is a lack of an adequate number of technicians in this country and the sooner we start seeking out and detecting aptitudes for these areas, the more relevant education will be for our development.

**Q:** What are your plans for tertiary education?

**A:** We do intend to get into tertiary or early university education here. One of our projects is the building of a tertiary college which would take us, maybe to the first two years of university. But we are doing more. We have started training courses for public officers for the certificate in public administration. Formerly we sent them off to Jamaica or to Cave Hill.

**Q:** What about the training needs of the private sector? How are they being met?

**A:** We see education as leading to a necessary interaction between the private and public sectors. It must be relevant to the factories which we are getting into our country. We therefore see the need for the private sector to be involved in helping to train people by giving scholarships. We wish to produce people who can deal with the growth and development of industry.

**Q:** But the opposition has criticised your government because it said you have allowed the educational system to decline in its standards. How do you answer that charge?

**A:** The standard of education in the country has not declined. In fact, one of the things we have done is to start on the road of making our educational system more relevant to our development. The traditional results have been as good and in some cases even better than in the previous years.

**Q:** Caribbean trade is important to the economies of most countries in the region. Yet the CARICOM Multilateral Clearing Facility is not in operation. What can be done?

**A:** Of course, I see this facility as being absolutely essential to the free flow of intra-regional trade. The real problem though is that some members are carrying the brunt of the burden by being owed tremendous amounts of money. Quite frankly, the experts have not been able to come up with the answers.

Unless we can solve the problem of debt by finding ways and means of helping those who are

in arrears to pay their debts, I can't really see how we can solve the problem of the facility. Still, we know that it is absolutely essential.

**Q:** In previous years we used to hear that the Windwards and the Leewards were the poor countries in the region. Now we hear that Jamaica and Guyana are the poor nations. How much would that change affect people's thinking?

**A:** I think the change would reorient people's thinking, but I don't want their thinking reorienting too much. If that happens they may go over the other side and suggest that the smaller territories are well off and the larger ones are not.

**Q:** The University of the West Indies is being restructured. What are you hoping for from a restructured UWI?

**A:** Well, we have gone along with the concept of the restructuring of the university. We would like to see greater campus autonomy. But the corollary to that is that we in the non-campus territories should have greater attention paid to our needs. We want to see centres established in the various territories so that they could do more by enabling their people to do the first two years of their university training at home. Such a step would reduce the cost to use without disadvantaging the campus territories.

Let me make the point that we are not looking for the establishment of additional campuses because don't think we can handle it, financially.

**Q:** Do you think that the Cave Hill campus has served the interest and the needs of the countries in the Windwards and Leewards.

**A:** I think it has attempted to do this but I don't think it is capable as it now stands to totally serve those interests and the interest of Barbados as well. I don't believe the answer to that is expanding the Cave Hill campus because if we do that we would be forcing the Windwards and the Leewards to migrate more toward that. The answer lies in diverting more of the training that is available at Cave Hill to Windwards and Leewards.

Cave Hill then can be used more and more for finishing the degree programmes and for higher research.

## DIPLOMATIC TIES, TRADE PROSPECTS OPENED WITH TAIWAN

Port-of-Spain TRINIDAD GUARDIAN in English 11 May 84 p 12

[Text]

## CASTRIES, (Cana)

AFTER three years of discussions Saint Lucia and Taiwan last Monday finally put pen to paper in an agreement to establish full diplomatic relations seen by the Caribbean island as important to its investment-seeking drive.

Prime Minister John Compton and Taiwan's Minister without Portfolio Lin Chin Sheng signed an agreement for the establishment of relations at the ambassadorial level during an unusually stirring ceremony for such occasions at Compton's official residence here.

On hand were members of Compton's Cabinet as well as senior private and public sector officials — a clear indication of the importance the Saint Lucia Government attaches to its new found far eastern friend.

## NEW INVESTMENTS

Relations with Taiwan and other countries in the Far East have been one of Compton's main foreign policy planks since his United Workers Party's (UWP) returned to power in general elections here two years ago.

In the past year, both Compton and his Industry Minister George Mallet have visited the Far East,

including Taiwan, in search primarily of new investments to prop up the island's economy that had been dealt harsh blows by a combination of domestic and international factors.

When Compton returned from a tour of Taiwan, Hong Kong and South Korea in January at the head of a nine-member Saint Lucia mission of public and private sector officials, he announced that he would be proposing to the seven nation Organisation of Eastern Caribbean States (OECS) that the sub-regional grouping establishes a diplomatic presence in the Far East.

Since January, a number of Taiwanese missions have been visiting Saint Lucia as a follow up to the Compton trip, and the island has signed two major agreements with Taiwanese investment investors for the establishment of electronics and garment manufacturing plants here.

In fact, Sheng's visit for the signing coincided with the presence of a 10-member team of Taiwanese investors who held high level talks with Mallet on the prospects of starting businesses here.

Included in the mission was Eddie Wong, president of the

Overseas Resource Development Corporation of Taiwan, who revealed that approval had been given for an unnamed Taiwanese enterprise to begin a large investment in a textile factory here which would involve a programme geared to train some 4,500 Saint Lucian workers.

#### FORMAL LINKS

Firms represented on the mission included a steel mill, factory building contractors and housing specialists. Mallet said the government was anxious for a steel mill to be erected here and told the mission that the government would give all possible assistance, "by way of incentives and otherwise" to make it a viable project.

But the high point of the Saint Lucia-Taiwan Association to date has undoubtedly been the decision to establish full diplomatic ties, a move which the government here has given long and careful consideration to before agreeing.

Compton said last January, in weighing the pros and cons of ties with Taiwan as opposed to relations with Communist China, that Saint Lucia, as a small country, had to look at what was in its best interest.

Taiwan has diplomatic relations with less than 30 nations, compared to the more than 100 that have formal links with Peking.

#### NO REFERENCE

Speaking at Monday night's ceremony, the Saint Lucian leader made no reference to mainland China.

Instead, he hailed the move as an attempt "to strengthen the bonds of friendship between the people of Saint Lucia and the people of the Republic of China (Taiwan) so that these bonds will aid us to transcend all barriers, be they in custom or language."

Compton declared, "In circumstances like these, it is most important that we emphasise not the superficial things that may appear to divide us, but rather that we emphasise and accentuate the more fundamental things which are the common bonds between our peoples and countries."

Most important, he told Sheng, were the ideals of freedom and democracy which both countries shared "ideals which you people and your country are still engaged in a struggle to, preserve after nearly three decades," a reference to Peking's attempts to have Taiwan return to control of the mainland.

## NEW NETHERLANDS AMBASSADOR PRESENTS CREDENTIALS

Paramaribo DE WARE TIDJ in Dutch 13 Apr 84 pp 1, 16

[Speeches by Ambassador Dirk Jan van Houten and President Ramdat-Misier on 12 Apr in Paramaribo]

[Text] On 12 April 1984 in the presence of Minister of Foreign Affairs Wim Udenhout, Mr Dirk Jan van Houten presented his credentials as ambassador extraordinary and plenipotentiary of the Kingdom of the Netherlands in our country, to the Suriname head of state, Mr. Fred Ramdat-Misier.

The Dutch representative was accompanied by his wife, Counsellor Mr E.W. Klipp and Vice Consul Mr J.H. Rose.

Ambassador van Houten gave the following speech:

I beg to inform you that Her Majesty the Queen has appointed me Her ambassador extraordinary and plenipotentiary in the Republic of Suriname.

I consider my appointment as Dutch ambassador in Suriname a big honor, especially because the relationship between the Netherlands and Suriname is unique.

It seems, Mr President, that at this moment the relations between the governments of the Netherlands and Suriname have reached a low, which many on both sides of the ocean regret. For, this does not seem to be in accordance with the close personal ties which so many Netherlands and Surinamers have. I have noticed in the Netherlands how much interest there is for Suriname.

I never met anyone in Suriname who does not have relatives--and then usually kinsfolk of the first degree--who live in the Netherlands.

The background of the present state of official relations are known and I believe that it is not suitable on this occasion to go into that.

What I would like to emphasize at this occasion, is that the combination of the official chill and the intensive personal ties can lead and will lead to irritation which is an extra burden for the relations.

Therefore, maintaining good relations between two countries which have so much in common, becomes more difficult than necessary. You can be assured that I will devote myself completely to attempting to solve--as far as it is possible--together with you, the problems which have arisen because of misunderstanding and misjudgment of intentions on both sides.

In doing so we can draw strength from the cordiality which characterizes the personal relations between Netherlands and Surinamers.

President Ramdat-Misier addressed the ambassador as follows:

Mr Ambassador,

It gives me great pleasure to welcome you in the Republic of Suriname as ambassador of the Kingdom of the Netherlands and I express the wish that your stay and your work here will benefit both our countries.

You are starting your work here during a difficult period as far as the relations between Suriname and the Netherlands are concerned.

It has appeared that after a very long time of relations of a special character, the bond which grew between our nations over many decades, was not strong enough to let good things which were undoubtedly there, prevail over the not so good ones.

The fact that we speak the same language and that over the centuries, many Netherlands grew up here and many Surinamers in the Netherlands could not prevent that we were getting estranged from each other because of the developments of the last few years.

Starting from the philosophy that antagonism between countries and nations should be avoided as much as possible, or at least be kept at a minimum, and knowing that Suriname foreign policy seriously pursues good friendships with as many countries in the world as possible, you may assume that the Suriname Government has taken its position accordingly with regard to relations with the Kingdom of the Netherlands. Weighing this position against the policy of your government appears to me to be a very important matter. You are a diplomat with experience and I assume you will not find this hard. Therefore, after thoroughly studying the process we are going through here, you will understand what is going on in Suriname. Developments in one country will always differ from those in another country.

Therefore, a situation should be judged in a broad perspective and one cannot view it only from one's own point of view and judge it accordingly. This is true for all countries of the world and this line of thought is not meant to say that wrong is right but to promote as realistic a view of things as possible.

As far as the relations of Suriname and the Netherlands are concerned, it is a matter of this sense of reality whether the relations will improve.

Therefore, it is good to look at the future and to know that the way in which we act now, is realistic.

Mr Ambassador,

Be convinced that the Suriname Government takes an open stand with regard to your diplomatic work in our country. For, on the basis of the starting point in its foreign policy, mentioned earlier, it will always be willing to receive you when you wish to discuss matters of mutual interest.

I wish you much success in your work and hope that you and your family will feel at home in the Suriname community. Please convey my wishes for good health to your respected Queen Beatrix and the Government of the Kingdom of the Netherlands.

Previously Mr van Houten was with the Embassy of the Netherlands in Belgrade, New York and Moscow as a diplomat. His latest post was minister plenipotentary with the Dutch Embassy in Tokyo, Japan.

During the ceremony at the palace the ambassador's wife, Mrs Marie van Houten-Brom was received by the President's wife, Mrs Hilda Ramdat-Misier.

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END